

**Bellingham & Stanley Limited**

**Unaudited Annual Report and Financial Statements**

**For the year ended 31 December 2022**



# **BELLINGHAM & STANLEY LIMITED**

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# **BELLINGHAM & STANLEY LIMITED**

## **COMPANY INFORMATION**

### **Directors**

A Bertrand  
I Thompson

### **Company secretary**

A Bertrand

### **Registered office**

Bellingham & Stanley Limited  
Longfield Road  
Tunbridge Wells  
Kent  
TN2 3EY

# BELLINGHAM & STANLEY LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report and the unaudited financial statements for the year ended 31 December 2022. The Company is registered and domiciled in the United Kingdom.

#### PRINCIPAL ACTIVITY

The principal activity of the Company is the design, development, manufacture and in-service support of opto-mechanical and digital Refractometers and Polarimeters.

#### REVIEW OF BUSINESS

The directors are satisfied with the results for the year which are set out on page 8.

There is a reduction in gross profit percentage to 42.9% (2021: 43.9%) driven largely by increased freight costs on a turnover which remained flat.

The company continues to sell and service other Xylem brands and during 2022, product sales of these brands increased to 34% (2021: 24%) of total turnover.

During 2022 the Research and Development department engaged in a full program of activities covering new product development, technical support and research.

**New products:** Following on from the successful introduction of the ADP600 products we extended the range of polarimeter sample tube offerings to cater for a far wider range of industries and applications.

**Technical support and Value Engineering:** With the advent of new software techniques, we have been able to rationalise and simplify the internals of our products. Key to this is the drive to more sustainably produced products. The impact of supply chain issues continued to cause redirection of R&D efforts to support our purchasing and manufacturing teams. Day-to-day support continues for all departments within the business.

**Research:** New intellectual property - two patents that were granted in the US are now to be granted across 38 countries across continental Europe. Application for patent rights have been submitted for India and China. We also invested time successfully researching and implementing new ways of using software to reduce our reliance on high performance hardware.

#### FUTURE DEVELOPMENTS

On 31 January 2023, Xylem announced its intention to move the production of Bellingham & Stanley Limited's laboratory refractometry and polarimetry products to its Weilheim, German facility. It is anticipated that order entry and distribution for customers outside the UK will transition to Weilheim, while UK customers will continue to be served within the UK but under Xylem Water Solutions UK Limited. For all other business units it is not anticipated that there will be any fundamental changes to the business in the foreseeable future.

#### KEY PERFORMANCE INDICATORS

The directors believe the following key performance indicators to be the most useful to obtaining a proper understanding of the performance of the business:

	2022	2021
EBITDA % of Turnover	6.3%	7.0%
EBITDA per employee	£8k	£8k

There was a decrease in EBITDA to £311k (2021: £355k) which is attributable to higher freight and energy costs and continued investment in R&D projects.

# **BELLINGHAM & STANLEY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks of the Company are defined as cash flow risk, credit risk, price risk and environmental risks. The directors of the Company have reviewed these risks and have outlined below the actions taken to mitigate the potential impact.

##### ***Macro-economic***

Macroeconomic impacts and dynamics, including as a result of the COVID-19 pandemic, with respect to supply chain shortages, logistics challenges, tight labour markets and inflation, have had, and continue to have, a material adverse effect on our business and results of operations. Future slowdowns, economic recession, or other prolonged downturns in the global economy or our markets could have material adverse effects on our business, financial condition, cash flows, results of operations. The main risks that we see relate to the operations of the business and the impact of reduction in the sales due to the level of economic uncertainty for our customers.

Our operating costs are subject to fluctuations, particularly due to changes in prices for commodities, parts, raw materials, energy and related utilities, freight and logistics, and cost of labour, which have been and may continue to be driven by a variety of factors, including inflation, tight labour markets, prevailing price levels, exchange rates, changes in trade agreements and trade protection measures including tariffs, and other economic factors.

##### ***Currency risk***

Volatility in foreign currencies and other markets may also arise as the UK and EU work through the global inflation situation and the recent war in Ukraine. As a result, we face continued uncertainty and risks of disruptions in our supply chain and increased costs. In order to remain competitive, we may not be able to recover all or a portion of these higher costs from our customers through product price increases, although several price increases have been pushed out into the market.

##### ***Cash flow risk***

The Company's activities expose it primarily to the financial risks of changes in foreign currency rates. The Company does not use foreign exchange forward contracts or interest rate swap contracts to hedge these exposures as the amounts involved are not material, but the risks are regularly reviewed to allow consideration of the introduction of appropriate measures.

##### ***Credit risk***

The Company's principal financial assets are bank, trade and inter-company receivables. The amounts in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event, which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

##### ***Price risk***

The Company is exposed to commodity price risk. The Company does not manage its exposure to commodity price risk due to cost benefit considerations.

##### ***Environmental risks***

The Company recognises the importance of its environmental responsibilities. It employs an Environment, Health and Safety Coordinator to ensure that the Company operates within group policies and implements initiatives designed to minimise the Company's impact on the environment, including safe disposal of manufacturing waste, recycling and reducing energy consumption.

There are very stringent Environmental Health and Safety guidelines used throughout the Company and standards are frequently reviewed through audits.

#### **SECTION 172(1) STATEMENT**

The directors are bound by their duties under the Companies Act 2006 and the manner in which these have been discharged, particularly their duty to promote the success of the Company for the benefit of its member forms the core theme of this statement.

The following sets out how the directors, in performing their duties over the course of the year, had regard to the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006.

## BELLINGHAM & STANLEY LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

##### SECTION 172(1) STATEMENT (CONTINUED)

The Company sells the majority of its products and services to third parties; manufactured products are also sold to other Xylem entities. The Company purchases some of its products from other Xylem entities in Europe and the United States of America. The directors recognise that the Company's own performance is dependent to some extent on the performance of the other Xylem entities. A priority for us is to contribute to society, the environment & the economy, being a socially responsible business shaped by our decision making considering all stakeholders.

The Company prepares monthly management accounts and rolling forecasts using prescribed financial and non-financial KPI's under the direction of Xylem Inc. The management accounts are reviewed and compared to forecasts and budgets. Directors and senior management meet on a regular basis to review group-wide activity and to discuss significant issues in more detail as required to ensure results are in line with expectations and the strategic plan of Xylem Inc.

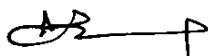
Ensuring the customer is at the heart of decision making by the board is key to the success of the Company. Regular meetings are held with our management team and customers to ensure extensive customer engagement shapes our business plan. Delivering to high standards for our customers is discussed at every Board meeting to ensure we continue to successfully serve them with the provision of the highest quality of goods and services.

Our fellow Xylem entities are some of our key suppliers who support us along with our employees in delivering for our customers. Strong relationships with these suppliers ensure sustainable, high quality delivery for the benefit of all stakeholders. Commercial performance is discussed at every Board meeting, including an update on performance within these entities. Key members of our management team regularly visit these suppliers to observe first-hand the production cycle and meet the teams involved in these processes.

Our employees are central to the Company's overall success, properly incorporating their view into our decision-making process is fundamental to what we do. Regular town hall meetings are held within the Company, in large meeting rooms with *online sign in for those who are unable to attend or work at other sites, enabling formal updates*, with question and answer sessions. This allows us to provide an inclusive and diverse place to work; amplifying the employee voice in many company decisions.

Stakeholder considerations are an integral part of the decisions made by the directors. At times these decisions inevitably adversely affect one or more of the stakeholders, but the directors ensure that any group that is impacted is treated fairly. Xylem's processes and procedures take into account all stakeholders when making long-term decisions which bare significant importance to the Group. We have a delegation of authority process for sign off for Company spend involving multiple stakeholders. For large scale projects, cross functional teams are established and employee representatives are consulted in accordance with appropriate guidelines. The Business Continuity Planning team also ensures we have systems and processes in place for business continuity during times of change or unexpected business disruption.

This report was approved by the Board of directors on 20 September 2023 and signed on behalf of the board by:



**A Bertrand**  
Director

# **BELLINGHAM & STANLEY LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their annual report on the affairs of the Company, together with the unaudited financial statements for the year ended 31 December 2022. The Company is registered as a limited company and domiciled in the United Kingdom.

#### **DIVIDENDS**

The directors have not proposed a final dividend in 2022 (2021: £nil).

#### **FUTURE DEVELOPMENTS**

The anticipated future developments of the Company have been discussed within the Strategic Report on page 2.

#### **POLITICAL AND CHARITABLE DONATIONS**

The Company made no donations during the year (2021: £nil).

#### **POST BALANCE SHEET EVENTS**

On 31 January 2023, Xylem announced its intention to move the production of Bellingham & Stanley Limited's laboratory refractometry and polarimetry products to its Weilheim, German facility. It is anticipated that order entry and distribution for customers outside the UK will transition to Weilheim, while UK customers will continue to be served within the UK but under Xylem Water Solutions UK Limited, a fellow group company.

#### **FINANCIAL RISK MANAGEMENT**

The directors consider that the Company's banking facilities are adequate going forward. Short-term flexibility is achieved by overdraft facilities. The Company participates in cash pooling arrangement with Xylem European Treasury giving rise to an intercompany balance with Xylem Europe GmbH, a fellow group company. Credit risk arises on financial instruments such as trade receivables and short-term bank deposits. Policies and procedures exist to ensure that the trade debtors have an appropriate credit history. The Company has minimal currency and commodity price risks because the majority of purchases are from suppliers and sales to customers are invoiced in Sterling.

#### **GOING CONCERN**

In accordance with Xylem's strategy to develop manufacturing centres of excellence, optimize Xylem's footprint and remain competitive in the marketplace to better serve Xylem customers, on 31 January 2023 the directors announced that the laboratory refractometry and polarimetry products manufactured by the Company in the UK will transition to another group company in Weilheim, German during 2021/22. As a result, the directors have prepared these financial statements on a basis other than of a going concern. No adjustments were required as a result of this change in basis.

#### **DIRECTORS**

The directors who served during the year and to the date of the approval of the financial statements are shown below:

A Bertrand	
E Gallacher	(Resigned 23 February 2022)
I Thompson	

#### **DIRECTORS' INDEMNITY INSURANCE**

The Company maintains directors' and officers' liability insurance. All of the Company's directors have received an indemnity to the extent permitted by law from the Company. Neither the indemnity nor the insurance provides cover in situations where a director has acted fraudulently or dishonestly.

#### **ENVIRONMENT**

The Company recognises the importance of its environmental responsibilities and employs an Environment, Health and Safety Coordinator to ensure that the Company operates within Group policies and implements initiatives designed to minimise the Company's impact on the environment, including safe disposal of manufacturing waste, recycling and reducing energy consumption.

**BELLINGHAM & STANLEY LIMITED**

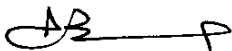
**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**EMPLOYEE CONSULTATION**

The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Details of employees and various headcount related information is highlighted in note 6 to the financial statements.

This report was approved by the Board of Directors on 20 September 2023 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'A Bertrand', followed by a horizontal line and a small flourish.

**A Bertrand**  
Director



**BELLINGHAM & STANLEY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £'000	2021 £'000
<b>Turnover</b>	3	4,929	4,943
Cost of sales		(2,814)	(2,775)
<b>Gross profit</b>		2,115	2,168
Other operating expenses	4	(1,900)	(1,911)
<b>Operating profit</b>	5	215	257
Interest receivable and similar income	8	76	-
<b>Profit before taxation</b>		291	257
Tax on profit	9	(3)	(51)
<b>Profit for the financial year</b>		288	206
<b>Total comprehensive income for the year</b>		288	206

All operations of the Company are discontinuing.

The notes on pages 11 to 23 form an integral part of these financial statements.

There is no other comprehensive income for the current or previous year other than the profit for the current year and profit for the previous year as shown above. Accordingly, no Statement of Comprehensive Income has been presented

# BELLINGHAM & STANLEY LIMITED

## BALANCE SHEET

AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	10	74	100
Tangible assets	11	308	268
		<u>382</u>	<u>368</u>
<b>Current assets</b>			
Stocks	12	560	441
Debtors	13	8,223	7,893
		<u>8,783</u>	<u>8,334</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(1,058)</u>	<u>(883)</u>
Net current assets		<u>7,725</u>	<u>7,451</u>
<b>Total assets less current liabilities</b>		<u>8,107</u>	<u>7,819</u>
<b>Provisions for liabilities and charges</b>	16	<u>(32)</u>	<u>(32)</u>
<b>Net assets</b>		<u>8,075</u>	<u>7,787</u>
<b>Capital and reserves</b>			
Called up share capital	18	46	46
Profit and loss account	18	8,029	7,741
<b>Total equity</b>		<u>8,075</u>	<u>7,787</u>

The notes on pages 11 to 23 form an integral part of these financial statements.

For the year ending 31 December 2022 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476,
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors on 20 September 2023 and are signed on its behalf by:



**A Bertrand**  
Director

**BELLINGHAM & STANLEY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
Balance at 1 January 2021	46	7,535	7,581
Total comprehensive income	-	206	206
<b>Balance at 31 December 2021</b>	<b>46</b>	<b>7,741</b>	<b>7,787</b>

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
Balance at 1 January 2022	46	7,741	7,787
Total comprehensive income	-	288	288
<b>Balance at 31 December 2022</b>	<b>46</b>	<b>8,029</b>	<b>8,075</b>

The notes on pages 11 to 23 form an integral part of these financial statements.

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES

##### **Company information**

Bellingham & Stanley Limited ("the Company") is a private limited company, limited by shares, domiciled and incorporated in England and Wales. The registered office is given on the company information page. The Company's principal activity is disclosed in the strategic report.

##### **Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2016, and under the historical cost convention, modified to include certain items at fair value.

The financial statements are presented in sterling which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

##### **Consolidated financial statements**

The financial statements of the Company are included in the financial statements of Xylem Water Holdings Limited, a company registered in England and Wales. The Consolidated financial statements of Xylem Water Holdings Limited are available from its registered office, C/o Xylem Water Solutions UK Limited, Private Road No 1, Colwick Industrial Estate, Nottingham, Nottinghamshire, NG4 2AN or alternatively Companies House. In addition, the financial statements of the Company are included in the financial statements of Xylem Inc. *The consolidated financial statements of Xylem Inc. are available from its registered office, 301 Water Street SE, Washington, DC 20003, USA.*

##### **Reduced disclosures**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- The specific elements of Sections 11 & 12 regarding financial instrument disclosures, as listed in Section 1 "Scope".
- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

##### **Going concern**

In accordance with Xylem's strategy to develop manufacturing centres of excellence, optimize Xylem's footprint and remain competitive in the marketplace to better serve Xylem customers, on 31 January 2023 the directors announced that the laboratory refractometry and polarimetry products manufactured by the Company in the UK will transition to another group company in Weilheim, German during 2021/22. As a result, the directors have prepared these financial statements on a basis other than of a going concern. No adjustments were required as a result of this change in basis.

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Turnover (continued)

###### Sale of professional services

Turnover from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

###### Sale of goods

Turnover is recognised when it and the associated costs can be measured reliably, future economic benefits are probable, and the risks and rewards of ownership have been transferred to the customer. Sales of goods are recognised when goods are delivered and legal title has passed and the Company has no continuing managerial involvement associated with ownership or effective control of the goods sold. This is generally when goods have been checked and accepted by the customer on delivery at the specified location.

###### Finance income

Finance income relates to interest received and is recognised in the profit and loss account on an accruals basis.

###### Borrowing costs

The costs of borrowing on interest bearing loans are recognised in the profit and loss account on an accruals basis. Interest is calculated using the effective interest rates determined by the prevailing market interest rates.

###### Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are amortised to profit or loss on a straight line basis over their useful lives, as follows:

Software licence fee	20% on cost
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Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

###### Goodwill

Goodwill arose as result of the transfer of the trade and assets of YSI (UK) Limited to Bellingham & Stanley Limited and is the difference between the net book value of the assets transferred and the purchase price of the shares in YSI (UK) Limited paid by Bellingham & Stanley Limited.

Goodwill is being amortised to profit or loss on a straight-line basis over its expected useful life, as follows:

Goodwill	10% on cost
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Amortisation is revised prospectively for any significant change in useful life or residual value.

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### **Tangible assets**

Tangible assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than assets under the course of construction, at rates calculated to write off the cost or valuation of each asset to its estimated residual value over its expected useful life, as follows:

Freehold buildings	2% on cost
Freehold improvements	5% on cost
Plant and machinery	10% or 20% on cost
Computer equipment	20% or 25% on cost
Fixtures and fittings	10% or 20% on cost

Land and buildings are accounted for separately even when acquired together. Land is not depreciated.

##### **Impairment reviews**

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### **Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct material and labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the Company assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, are recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

##### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### **Financial assets**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into either basic or other financial assets. The classification depends on certain criteria determined at the time of recognition.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### **De-recognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Financial liabilities**

Financial liabilities are classified as either basic or other financial liabilities.

##### **Basic financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### **De-recognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

# **BELLINGHAM & STANLEY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Taxation (continued)**

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

##### **Provisions**

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss 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.

##### **Leases**

All leases are operating leases. Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.



# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### Foreign exchange (continued)

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

##### Research and development

Research and development costs are charged to the profit and loss as they arise.

#### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

As such, the Company does not consider there to be any critical accounting estimates or judgements.

#### 3. TURNOVER

An analysis of the Company's turnover by class of business is as follows:

	2022 £'000	2021 £'000
Sale of goods	4,398	4,461
Provision of services	531	482
	<u>4,929</u>	<u>4,943</u>

An analysis of the geographical location of the Company's turnover is as follows:

	2022 £'000	2021 £'000
United Kingdom	2,310	2,007
Europe	1,158	1,386
Other	1,461	1,550
	<u>4,929</u>	<u>4,943</u>

**BELLINGHAM & STANLEY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****4. OTHER OPERATING EXPENSES**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Distribution costs	745	782
Administrative expenses	1,155	1,129
	<u>1,900</u>	<u>1,911</u>

**5. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Exchange (gains)/losses	(31)	13
Depreciation of tangible assets	66	63
Research and development expenditure	272	241
Amortisation of intangible assets	26	27
(Reversed) Impairment of stock	(5)	27
Operating lease charges	58	68
	<u>58</u>	<u>68</u>

**6. STAFF COSTS**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Wages and salaries	1,331	1,384
Social security costs	154	154
Other pension costs	246	251
	<u>1,731</u>	<u>1,789</u>

The average monthly number of persons (including directors) employed by the Company during the year was as follows:

	<b>2022</b> <b>No.</b>	<b>2021</b> <b>No.</b>
Production	18	20
Administration and sales	18	18
Research and development	4	4
	<u>40</u>	<u>42</u>

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7. DIRECTORS' REMUNERATION

	2022 £'000	2021 £'000
Aggregate emoluments	78	148
Company contributions to money purchase pension schemes	27	34
	<u>105</u>	<u>182</u>

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 2 (2021 - 2).

No share options were exercised or granted to any director in 2022 (2021: none).

Two directors were remunerated directly by Bellingham & Stanley Limited.

Ian Thompson received remuneration from Xylem Water Solutions UK Limited, a fellow group company registered in the UK.

#### 8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000	2021 £'000
Interest receivable from group companies	<u>76</u>	<u>-</u>

#### 9. TAXATION

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax	54	64
Adjustments in respect of prior periods	(52)	-
<i>Total current tax</i>	<u>2</u>	<u>64</u>
<b>Deferred tax</b>		
Adjustments in respect of prior periods	1	(10)
Tax rate change	-	(3)
<i>Total deferred tax</i>	<u>1</u>	<u>(13)</u>
<b>Total tax charge for the year</b>	<u>3</u>	<u>51</u>

**BELLINGHAM & STANLEY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****9. TAXATION (CONTINUED)****Factors affecting current tax charge**

The tax for the year is lower (2021: higher) than the average standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). These differences are reconciled below:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Profit before taxation</b>	291	257
Profit multiplied by the average standard rate of corporation tax in the UK for the year of 19% (2021:19%)	55	49
Effects of:		
Expenses that are not deductible in determining taxable profit	(1)	15
Adjustment in respect of previous years	(51)	(10)
Tax rate change	-	(3)
<b>Tax charge for the year</b>	3	51

**Factors that may affect future tax charge**

The UK finance act of 2021, which was substantively enacted in 2021, already indicates that the rates will be increased from 19% to 25%. The Chancellor announced on 15 March 2023 in his 2023 budget that there would be future changes to the amount of corporation tax in the UK, starting from the beginning of April 2023, the rate of corporation tax will be increasing from 19% to 25%. At balance sheet date, deferred tax balances are measured at 25% (2021: 25%).

**10. INTANGIBLE ASSETS**

	<b>Software Licence Fee £'000</b>	<b>Goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2022	8	267	275
Disposal	(8)	-	(8)
At 31 December 2022	-	267	267
<b>Amortisation</b>			
At 1 January 2022	8	167	175
Charge for the year	-	26	26
Disposal	(8)	-	(8)
At 31 December 2022	-	193	193
<b>Net book value</b>			
At 31 December 2022	-	74	74
At 31 December 2021	-	100	100

Goodwill arose as a result of the transfer of the trade and assets of YSI (UK) Limited to Bellingham & Stanley Limited and is the difference between the net book value of the assets transferred and the purchase price of the shares in YSI (UK) Limited paid by Bellingham & Stanley Limited.

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 11. TANGIBLE ASSETS

	Plant and machinery £'000	Computer equipment £'000	Fixtures and fittings £'000	Freehold land and buildings £'000	Total £'000
<b>Cost</b>					
At 1 January 2022	1,126	148	292	554	2,120
Additions	48	73	-	-	121
Disposals	(29)	-	-	-	(29)
At 31 December 2022	<u>1,145</u>	<u>221</u>	<u>292</u>	<u>554</u>	<u>2,212</u>
<b>Depreciation</b>					
At 1 January 2022	1,077	120	172	483	1,852
Charge for the year	16	20	22	8	66
Disposals	(14)	-	-	-	(14)
At 31 December 2022	<u>1,079</u>	<u>140</u>	<u>194</u>	<u>491</u>	<u>1,904</u>
<b>Net book value</b>					
At 31 December 2022	<u>66</u>	<u>81</u>	<u>98</u>	<u>63</u>	<u>308</u>
At 31 December 2021	<u>49</u>	<u>28</u>	<u>120</u>	<u>71</u>	<u>268</u>

Freehold land and buildings includes the cost of land £4k (2020: £4k) which is not depreciated.

#### 12. STOCKS

	2022 £'000	2021 £'000
Raw materials and consumables	17	10
Work in progress	398	328
Finished goods and goods for resale	145	103
	<u>560</u>	<u>441</u>

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts.

#### 13. DEBTORS

	2022 £'000	2021 £'000
Trade debtors	687	664
Amounts due from fellow group undertakings:		
- Interest bearing	7,378	7,033
- Non-interest bearing	59	72
Deferred tax asset (note 14)	36	42
VAT repayable	-	-
Prepayments and accrued income	63	82
	<u>8,223</u>	<u>7,893</u>

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 13. DEBTORS (CONTINUED)

Interest on any short-term cash pool balances is accrued at 1.15% (2021: 0.92%) for EUR, 2.31% (2021: 1.35%) for GBP and 2.62% (2021: 1.45%) for USD in accordance with the terms agreed with Group & European treasury. Other amounts due from group companies are non-interest bearing, unsecured and repayable on demand.

#### 14. DEFERRED TAXATION

The movement on the deferred tax asset during the year was as follows:

	£'000
At 1 January 2022	42
Movement through the profit and loss account	(6)
As at 31 December 2022	<u>36</u>

Deferred tax asset consists of:

	2022 £'000	2021 £'000
Depreciation in excess of capital allowances	<u>36</u>	<u>42</u>

A deferred tax asset is recognised to the extent that the asset is forecast to be utilised within the foreseeable future.

#### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	392	224
Amount due to other group companies	234	202
Other taxation and social security	49	35
Accruals and deferred income	383	422
	<u>1,058</u>	<u>883</u>

Amounts owed to group companies are non-interest bearing, unsecured and repayable on demand.

# BELLINGHAM & STANLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 16. PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty provision £'000
At 1 January 2022	32
Utilised in the year	(24)
Increase in provision	24
At 31 December 2022	<u>32</u>

Bellingham & Stanley Limited provides up to a 36 month warranty for certain instruments as defined on the Company's Warranty Statement. The warranty costs for 2022 were £24k (2021: £39k) which equates to 0.86% of turnover generated by Bellingham & Stanley products. The directors consider a warranty provision of £32k to be appropriate in the circumstances.

#### 17. RETIREMENT BENEFIT SCHEMES

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in independently administered funds. The total cost charged to income of £246k (2021: £251k) represents contributions payable by the Company to the fund. There were contributions outstanding at the end of the year of £nil (2021: £nil).

#### 18. CAPITAL AND RESERVES

##### Called up share capital

	2022 £'000	2021 £'000
<i>Authorised, allotted, called-up and fully-paid:</i>		
45,745 ordinary shares of £1 each	<u>46</u>	<u>46</u>

##### Profit and loss account

The cumulative profit and loss, net of distributions to the owners of the Company.

#### 19. FINANCIAL COMMITMENTS

The Company participates in a treasury arrangement, which calls for unlimited bank cross-guarantees between certain group companies. The net amount due to the bank at year-end was £nil (2021: £nil).

At the balance sheet date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Other 2022 £'000	Other 2021 £'000
Within one year	21	44
Between one and five years	25	16
	<u>46</u>	<u>60</u>

#### 20. RELATED PARTY TRANSACTIONS

In accordance with the exemption in FRS 102 section 33, related party transactions with other group companies have not been disclosed.

## **BELLINGHAM & STANLEY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

##### **21. POST BALANCE SHEET EVENTS**

On 31 January 2023, Xylem announced its intention to move the production of Bellingham & Stanley Limited's laboratory refractometry and polarimetry products to its Weilheim, German facility. It is anticipated that order entry and distribution for customers outside the UK will transition to Weilheim, while UK customers will continue to be served within the UK but under Xylem Water Solutions UK Limited, a fellow group company.

##### **22. ULTIMATE CONTROLLING PARTY**

As at 31 December 2022 the Company is a wholly owned subsidiary of Xylem Water Holdings Limited, a company incorporated in England. Xylem Water Holdings Limited is the immediate parent company.

The ultimate holding company and controlling party is Xylem Inc., a company incorporated in the United States of America.

The smallest group in which these financial statements are consolidated is that of the top company of the UK Group, Xylem Water Holdings Limited. The financial statements of that company are available from its registered office, c/o Xylem Water Solutions UK Limited, Private Road No 1, Colwick Industrial Estate, Nottingham, Nottinghamshire, NG4 2AN or alternatively Companies House.

The largest group in which these financial statements are consolidated is that of the ultimate parent company, Xylem Inc. The financial statements of that company are available from the registered office at 301 Water Street SE, Washington, DC 20003, USA.