

ALPECO LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020

ALPECO LIMITED
REGISTERED NUMBER: 01300446

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	579,654	601,038
Current assets			
Stocks	6	730,576	734,332
Debtors: amounts falling due within one year	7	1,277,978	1,381,665
Cash at bank and in hand	8	229,868	104,454
		<u>2,238,422</u>	<u>2,220,451</u>
Creditors: amounts falling due within one year	9	<u>(884,334)</u>	<u>(927,643)</u>
Net current assets		1,354,088	1,292,808
Creditors: amounts falling due after more than one year	10	(366,235)	(380,476)
		<u>1,567,507</u>	<u>1,513,370</u>
Net assets		<u>1,567,507</u>	<u>1,513,370</u>
Capital and reserves			
Called up share capital	12	500	500
Profit and loss account	13	1,567,007	1,512,870
		<u>1,567,507</u>	<u>1,513,370</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2021.

T Morgan
Director

The notes on pages 2 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Alpeco Limited is a private limited company incorporated and domiciled in the United Kingdom. The address of the registered office is 2 Chawley Park, Cumnor Hill, Oxford, OX2 9GG. The principal activity of the Company in the year under review was that of the design, sale and servicing of fluid control systems for the oil industry.

The Company's trading address is 66-69 Rabans Close, Aylesbury, Buckinghamshire, HP19 8RS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 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 financial statements are rounded to the nearest whole pound Sterling.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Going concern

During the year, the World entered into a global pandemic, COVID-19. The immediate risks and uncertainties arising due to COVID-19 were greater than previously experienced by the Company. However, the Company implemented a range of measures to ensure the safety of its employees and stakeholders and continued to trade profitably during the year ended 31 December 2020. The Company has cash reserves of £229,868 and does not have any material borrowings outside amounts owed to its parent undertaking which has cash reserves and borrowing facilities in place for up to £2m meaning it is well-funded and in a robust financial position.

Due to the continuing profitability levels achieved by the Company throughout the year despite COVID-19, the Directors anticipate the Company trading strongly during the period forecasted by management which covers a period of 12 months from approval of the financial statements. These forecasts and projections prepared by the Directors consider assumptions relating to the Company's financial performance, current financial position and existing financial resources. The Directors consider these forecasts to be achievable.

Based on the above, the Directors are of the opinion that the going concern principle is applicable and that the Company has the necessary resources to continue as a going concern for the foreseeable future.

2.4 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is determined based on the Group's borrowing facilities which are on market-based rates.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Leases (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.11.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.5 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.

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and warranty services supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods or services have transferred to the customer and the customer has control of these. The Company's activities are described in detail below.

(a) Sales of goods

The Company manufactures and sells metering and associated loading and unloading equipment for the business to business petroleum distribution market. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and the customer has legal title to the goods. Delivery occurs when the products have been distributed to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company offers discounts on its sales of goods at the time of invoicing which does not constitute variable consideration as the consideration receivable is known at the time of invoicing. The value of up-front payments received in respect of sales of goods are immaterial to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

A receivable is recognised when the performance obligation is satisfied as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company provides warranty cover to repair or replace faulty products on new truck systems. No provision is recorded in respect of these as the repair costs and impact on revenue is immaterial to the financial statements.

(b) Sales of services

The Company offers service contract warranties to its customers as part of its sales of goods. These constitute a separate performance obligation. Revenue from providing services from the service contracts is recognised in the accounting period in which the services are rendered. Revenue is recognised on a time-elapsed basis over the term of the agreement as this represents management's best estimate of the point of satisfaction of the performance obligations.

The Company invoices for service agreements on an annual basis and consideration is payable when invoiced. The terms of payment are fixed with no variable consideration. There are no material contract assets arising from such terms.

2.7 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance Sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.8 Finance costs

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

2.9 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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:

Improvements to property	- Over the remaining life of the lease
Plant and machinery	- 10-20% on cost
Fixtures, fittings and computer equipment	- 10-33% on cost
Motor vehicles	- 25% on cost

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.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. 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.

2.13 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.

2.14 Cash and cash equivalents

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

ALPECO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Dividends

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

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

The Company makes estimates and assumptions concerning the future and judgements in applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the actual results. The following estimates and assumptions have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

Provision for doubtful debts

Management provides for doubtful debts on the perceived risk profile and payment history of the debtor.

Provision for slow moving, damaged and obsolete stock

There is a provision to write stock down to the lower of cost and net realisable value. Management have made estimates of the selling price and direct costs to sell on certain stock items. The write down is included in the operating profit note.

4. Employees

	2020	2019
	£	£
Wages and salaries	470,279	552,568
Social security costs	55,819	61,201
Cost of defined contribution scheme	12,857	14,886
	<u>538,955</u>	<u>628,655</u>

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

	2020	2019
	No.	No.
Sales and administration	10	9
Directors	4	5
	<u>14</u>	<u>14</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Right-of-use assets £	Total £
Cost or valuation						
At 1 January 2020	31,674	169,038	11,419	215,102	599,112	1,026,345
Additions	3,898	8,470	-	15,281	72,405	100,054
Disposals	-	(67,957)	(11,419)	(130,838)	-	(210,214)
Other movement	6,090	-	-	-	-	6,090
At 31 December 2020	41,662	109,551	-	99,545	671,517	922,275
Depreciation						
At 1 January 2020	30,938	150,052	12,773	167,278	64,266	425,307
Charge for the year on owned assets	507	7,646	-	19,695	-	27,848
Charge for the year on right-of-use assets	-	-	-	-	94,944	94,944
Disposals	-	(71,266)	(12,773)	(125,060)	-	(209,099)
Other movement	3,621	-	-	-	-	3,621
At 31 December 2020	35,066	86,432	-	61,913	159,210	342,621
Net book value						
At 31 December 2020	6,596	23,119	-	37,632	512,307	579,654
At 31 December 2019	736	18,986	(1,354)	47,824	534,846	601,038

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2020 £	2019 £
Tangible fixed assets owned	67,347	66,192
Right-of-use tangible fixed assets	512,307	534,846
	<u>579,654</u>	<u>601,038</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2020 £	2019 £
Property	405,714	460,412
Motor vehicles	106,593	74,434
	<u>512,307</u>	<u>534,846</u>

Depreciation charge for the year ended

	2020 £	2019 £
Property	(54,702)	(22,793)
Motor vehicles	(40,242)	(41,473)
	<u>(94,944)</u>	<u>(64,266)</u>

6. Stocks

	2020 £	2019 £
Finished goods and goods for resale	<u>730,576</u>	<u>734,332</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. Debtors

	2020 £	2019 £
Trade debtors	1,237,358	1,315,159
Other debtors	8,928	37,187
Prepayments and accrued income	31,692	29,319
	<u>1,277,978</u>	<u>1,381,665</u>

8. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	229,868	104,454
Less: bank overdrafts	<u>(1,179)</u>	<u>-</u>

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	1,179	-
Other loans	90,000	250,000
Payments received on account	3,751	15,093
Trade creditors	328,247	371,883
Amounts owed to group undertakings	115,524	67,395
Corporation tax	-	24,792
Other taxation and social security	158,388	98,910
Lease liabilities	86,070	82,515
Other creditors	1,866	-
Accruals and deferred income	99,309	17,055
	<u>884,334</u>	<u>927,643</u>

The loan payable to Flowmax Limited of £90,000 (2019: £250,000) is unsecured and fully subordinated to any charges or rights accrued in connection with the Group overdraft facility. The loan is repayable on demand and accrues interest at a rate of 2.75%.

Amounts owed to group undertakings represent group relief payable to Flowmax Limited.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Lease liabilities	366,235	380,476
	<u>366,235</u>	<u>380,476</u>

11. Leases

Company as a lessee

The Company leases its principal place of trading. The periodic rent is fixed over the lease term.

The Company also leases a number of vehicles which comprise only fixed payments over the lease term.

Lease liabilities are due as follows:

	2020 £	2019 £
Not later than one year	86,070	82,515
Between one year and five years	267,644	230,366
Later than five years	98,591	150,110
	<u>452,305</u>	<u>462,991</u>

Contractual undiscounted cash flows are due as follows:

	2020 £	2019 £
Not later than one year	101,003	94,167
Between one year and five years	346,128	258,858
Later than five years	119,167	174,167
	<u>566,298</u>	<u>527,192</u>

There is no significant liquidity risk in relation to lease liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
500 (2019 - 500) Ordinary shares of £1.00 each	<u>500</u>	<u>500</u>

13. Reserves**Profit and loss account**

The profit and loss account is the Company's accumulated retained profits and losses as at the year end.

14. Capital commitments

At 31 December 2020 the Company had capital commitments of £3,656 (2019: £Nil).

15. 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 £12,857 (2019: £14,886). There were no contributions payable to the fund at the balance sheet date (2019: £Nil).

16. Related party transactions

During the year ended 31 December 2020, the Company undertook the following transactions with group companies.

	2020 £	2019 £
Purchases from group companies	85,503	94,236
Sales to group companies	79,467	78,350
Recharges from group companies	<u>28,522</u>	<u>29,714</u>

At the year end the Company owed £nil (2019: £10,788) to group companies and a loan to Flowmax Limited of £90,000 (2019: £250,000) having repaid £160,000 to Flowmax Limited in respect of this loan during the year ended 31 December 2020.

During the year ended 31 December 2020, the Company paid dividends of £440,000 (2019: £150,000) to Flowmax Limited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Controlling party

The Company is a subsidiary undertaking of Flowmax Limited, incorporated in England and Wales.

The Directors regard Flowmax Limited as the smallest group and SA Bias Industries (Pty) Limited, a company registered in South Africa, as the largest group within which the subsidiary belongs and for which group accounts are prepared. Flowmax Limited's registered office is 2 Chawley Park, Cumnor Hill, Oxford, OX2 9GG. Copies of the Flowmax Limited group accounts are available from the Registrar of Companies.

18. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 23 July 2021 by James Pitt BA (Hons) FCA (Senior Statutory Auditor) on behalf of James Cowper Kreston.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.