

Alfa Gomma (UK) Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2021

Alfa Gomma (UK) Limited

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Alfa Gomma (UK) Limited

Company Information

Directors E Gennasio
G Gennasio

Company secretary I S Whitley

Registered office 43 Wilcock Road
Haydock
St. Helens
Merseyside
WA11 9TG

Auditors Ernst & Young LLP
Edward Pavilion
Royal Albert Dock
Liverpool
L3 4AF

Alfa Gomma (UK) Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is wholesale distribution of hydraulic hoses and fittings, industrial hoses and assemblies of hydraulic and industrial hoses.

Directors of the Company

The directors who held office during the year and to the date of signing were as follows:

E Gennasio

G Gennasio

Review of the business

The profit for the year, after taxation, amounted to £1,175,000 (2020 - £690,000).

The directors are satisfied with the results for the year ended 31 December 2021. Sales and profit before tax for the year ended 31 December 2021 were up 31% and 57% respectively compared with the year ended 31 December 2020, a significant recovery from the impact of COVID-19.

No dividends were paid or proposed during the year (2020 - £nil).

Future developments

The Company will continue to move into developing markets and consolidate existing business by improving customer service and product ranges.

Going concern

The financial statements have been prepared on a going concern basis. The directors have forecast the likely cash requirements of the Company through to 31 January 2024 and are satisfied that they will have access to sufficient liquidity based on current internal forecasts and projections. The directors have also received confirmation of ongoing support from the parent undertaking for the period to 31 January 2024.

Having considered both the Company and the Group's financial position and the wider potential impacts on all aspects of the company's operations, employees and other stakeholders, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 31 January 2024. The directors have also specifically considered the current and future possible impact of COVID-19, Brexit and the Ukraine/Inflationary situation on the Company. Accordingly, the going concern basis has continued to be adopted in the preparation of the financial statements.

Alfa Gomma (UK) Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Key risks and uncertainties

Brexit risk

The Company increased stock by approximately one month, towards the end of 2020 with the aim of reducing the impact of any interruption to supply that may be outside its control due to delays at ports or the clearing process. The increased customs administration requirements imposed on both the suppliers of the company and those at the point of entry have added approximately one week to the shipment time experienced on supplies from within Europe. Although an inconvenience, it has had no discernible effect on the service received by the Company's customers.

Ukrainian Conflict/ Energy and Raw Materials Inflation

The Company has extremely low expenditure on gas/electricity, less than £35k (0.3% of turnover) forecasted in 2022. The electricity supplied to the Company is on a contract that ends 31 December 2022, the predicted increase will be from £15k in 2022 to c.£60k for 2023. The Company has had cost of material increases of 25-30% since December 2021, these have been passed on to customers to maintain the required gross profit margins to sustain the business.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

New auditors

Duncan & Toplis will be proposed as the company auditors for the audit of the financial statements for the year ended 31 December 2022.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a strategic report and of section 415A of the Companies Act 2006.

Approved and authorised by the Board on 30 January 2023 and signed on its behalf by:

.....

E Gennasio

Director

Alfa Gomma (UK) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Alfa Gomma (UK) Limited

Independent Auditor's Report to the Members of Alfa Gomma (UK) Limited

Opinion

We have audited the financial statements of Alfa Gomma (UK) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, 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 FRS 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 Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 January 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

Alfa Gomma (UK) Limited

Independent Auditor's Report to the Members of Alfa Gomma (UK) Limited (continued)

We have nothing to report in this regard.

Opinion on other matter 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.

Matters on which we are required to report by exception

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

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

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

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

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

Auditor 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.

Alfa Gomma (UK) Limited

Independent Auditor's Report to the Members of Alfa Gomma (UK) Limited (continued)

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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, the Companies Act 2006 and the relevant UK tax compliance regulations. In addition, the Company has to comply with laws and regulations relating to its operations including the health and safety at work, anti-bribery and corruption regulations and General Data Protection Regulations.

We understood how Alfa Gomma (UK) Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures.

We assessed the susceptibility of the company’s financial statements to material misstatement, including how fraud might occur through internal team discussions and inquiry of management and those charged with governance to understand where they considered there was susceptibility to fraud. We considered the risk of management override and assumed revenue to be a fraud risk, specifically as a result of year end cut off and manual journals posted throughout the year.

We performed audit procedures to address each identified fraud risk and incorporated data analytics into our testing of manual journals. We tested a sample of revenue recognised 1 month either side of the year end by checking to proof of delivery notes to validate that the revenue had been recorded in the correct period.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on an understanding of the business, and by making enquiries with management and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

Alfa Gomma (UK) Limited

Independent Auditor's Report to the Members of Alfa Gomma (UK) 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.

.....

Michael Harvey (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Liverpool

30 January 2023

Alfa Gomma (UK) Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	<u>3</u>	9,164	6,976
Cost of sales		<u>(6,751)</u>	<u>(5,039)</u>
Gross profit		2,413	1,937
Distribution costs		(58)	(39)
Administrative expenses		(1,292)	(1,244)
Other operating income	<u>4</u>	<u>80</u>	<u>32</u>
Operating profit	<u>5</u>	<u>1,143</u>	<u>686</u>
Profit before tax		1,143	686
Tax on profit	<u>7</u>	<u>32</u>	<u>4</u>
Profit for the financial year		<u><u>1,175</u></u>	<u><u>690</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

Alfa Gomma (UK) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	£ 000	£ 000
Profit for the year	<u>1,175</u>	<u>690</u>
Total comprehensive income for the year	<u><u>1,175</u></u>	<u><u>690</u></u>

Alfa Gomma (UK) Limited

(Registration number: 02594474)

Statement of Financial Position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	<u>8</u>	36	52
Current assets			
Stocks	<u>9</u>	1,335	889
Debtors	<u>10</u>	3,876	1,872
Cash at bank and in hand	<u>11</u>	-	788
		<u>5,211</u>	<u>3,549</u>
Creditors: Amounts falling due within one year	<u>12</u>	<u>(2,483)</u>	<u>(2,012)</u>
Net current assets		<u>2,728</u>	<u>1,537</u>
Net assets		<u>2,764</u>	<u>1,589</u>
Capital and reserves			
Called up share capital	<u>14</u>	270	270
Profit and loss account		<u>2,494</u>	<u>1,319</u>
Shareholders' funds		<u>2,764</u>	<u>1,589</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 30 January 2023 and signed on its behalf by:

.....
E Gennasio
Director

Alfa Gomma (UK) Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	270	1,319	1,589
Profit for the year	-	1,175	1,175
At 31 December 2021	270	2,494	2,764

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	270	629	899
Profit for the year	-	690	690
At 31 December 2020	270	1,319	1,589

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales. The company's registered number is 02594474.

The address of its registered office is:

43 Wilcock Road

Haydock

St. Helens

Merseyside

WA11 9TG

United Kingdom

These financial statements were authorised for issue by the Board on 30 January 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention unless otherwise specified within these accounting policies.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41 (b); 11.41 (c); 11.41 (e); 11.41 (f); 11.42; 11.44 to 11.45; 11.47; 11.48 (a) (iii); 11.48 (a) (iv); 11.48 (b); and 11.48 (c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27; 12.29 (a); 12.29 (b); and 12.29 A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7; and
- the requirements of Section 33 Key Management Personnel compensation disclosure paragraph 33.7a.

This information is included in the consolidated financial statements of Alfa Gomma S.p.A as at 31 December 2021 and these financial statements may be obtained from Alfa Gomma S.p.A, Via Torri Bianche 1, 20871 Vimercate (MI), Italy.

Going concern

The financial statements have been prepared on a going concern basis. The directors have forecast the likely cash requirements of the Company through to 31 January 2024 and are satisfied that they will have access to sufficient liquidity based on current internal forecasts and projections. The directors have also received confirmation of ongoing support from the parent undertaking for the period to 31 January 2024.

Having considered both the Company and the Group's financial position and the wider potential impacts on all aspects of the company's operations, employees and other stakeholders, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period to 31 January 2024. The directors have also specifically considered the current and future possible impact of COVID-19, Brexit and the Ukraine/Inflationary situation on the Company. Accordingly, the going concern basis has continued to be adopted in the preparation of the financial statements.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Judgements

In preparing these financial statements, the directors have made the following judgements:

* Determined whether leases entered into by the company, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

* A stock provision has been created for those items of stock deemed to be obsolete or with a lower net realisable value than its historical cost. These decisions require an assessment of each stock item and considerations have included whether the item has been damaged in anyway, the condition of stock, the remaining market for the item of stock, whether the item has been superseded by a new model and the time since the last sale of the item of stock.

* The Company establishes provisions based on reasonable estimates for possible consequences of audits by tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

* Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and the level of future taxable profits, together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

Revenue recognition

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.

Commissions receivable

The company receives commissions from some companies within the Alfa Gomma S.p.A group for the management of customer accounts on behalf of these group companies. The commissions are recorded as income in the same period as which the relevant sales were made to the managed customers.

Finance costs

Finance costs are charged to the Income Statement 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.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the Income Statement.

Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 reporting 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 Statement of Financial Position 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 reporting date.

Tangible 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.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Depreciation

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.

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 the Income Statement.

Depreciation is provided on the following basis:

Asset class	Depreciation method and rate
Plant & machinery	over 3 - 5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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 reporting 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

Leases

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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 an annual general meeting.

Defined contribution pension obligation

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 the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial instruments

Classification

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.

Recognition and measurement

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.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Impairment

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021	2020
	£ 000	£ 000
Sale of goods	9,164	6,976

The analysis of the Company's turnover for the year by class of business is as follows:

	2021	2020
	£ 000	£ 000
Sale of goods, UK	8,979	6,172
Sale of goods, Europe	185	804
	9,164	6,976

4 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2021	2020
	£ 000	£ 000
Commissions received from group undertakings	80	32

5 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£ 000	£ 000
Auditor's remuneration - The audit of the company's annual accounts	25	20
Auditor's remuneration - Tax services	8	7
Depreciation expense	18	20
Foreign exchange losses	16	2
Operating lease expense	138	191

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£ 000	£ 000
Wages and salaries	709	670
Social security costs	77	59
Pension costs, defined contribution scheme	46	44
	<u>832</u>	<u>773</u>

None of the directors received any remuneration from the Company during the year.

Directors' remuneration has been borne by other group companies without recourse. The directors of the Company are also directors or officers of a number of the companies within the group. The directors' services to the Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 31 December 2021 and 31 December 2020.

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

	2021	2020
	No.	No.
Administration and support	7	7
Sales	3	3
Distribution	11	11
	<u>21</u>	<u>21</u>

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Taxation

Tax charged/(credited) in the income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Arising from origination and reversal of timing differences	(5)	(1)
Arising from changes in tax rates and laws	(14)	(3)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(13)	-
Total deferred taxation	(32)	(4)
Tax receipt in the income statement	(32)	(4)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	1,143	686
Corporation tax at standard rate	217	130
Effect of expense not deductible in determining taxable profit (tax loss)	1	1
UK deferred tax credit relating to changes in tax rates or laws	(14)	(3)
Deferred tax credit from unrecognised temporary difference from a prior period	(13)	-
Tax decrease arising from group relief	(223)	(132)
Total tax credit	(32)	(4)

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
2021		
Fixed asset timing differences	11	-
Other timing differences	48	-
	<u>59</u>	<u>-</u>
2020		
Fixed asset timing differences	10	-
Other timing differences	18	-
	<u>28</u>	<u>-</u>

The government announced legislation in the 2022 Budget that the Corporation Tax main rate for the years starting 1 April 2021 and 2022 would remain at 19% and will rise to 25% at 1 April 2023. The deferred tax asset has been measured using the Corporation Tax rate of 25%.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Tangible assets

	Furniture, fittings and equipment £ 000
Cost	
At 1 January 2021	856
Additions	<u>2</u>
At 31 December 2021	<u>858</u>
Depreciation	
At 1 January 2021	804
Charge for the year	<u>18</u>
At 31 December 2021	<u>822</u>
Carrying amount	
At 31 December 2021	<u><u>36</u></u>
At 31 December 2020	<u><u>52</u></u>

9 Stocks

	2021 £ 000	2020 £ 000
Finished goods and goods for resale	<u>1,335</u>	<u>889</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10 Debtors

	Note	2021 £ 000	2020 £ 000
Current			
Trade debtors		1,780	1,719
Amounts owed by group undertakings	<u>17</u>	221	48
Other debtors	<u>17</u>	1,816	75
Deferred tax assets	<u>7</u>	59	28
Income tax asset	<u>7</u>	<u>-</u>	<u>2</u>
		<u><u>3,876</u></u>	<u><u>1,872</u></u>

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Debtors (continued)

Amounts owed by group undertakings relates to fellow subsidiaries of the ultimate parent undertaking and are unsecured, interest free and payable on demand.

11 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	-	788
Cash and cash equivalents	-	788

12 Creditors

	2021 £ 000	2020 £ 000
Due within one year		
Bank overdraft	101	-
Trade creditors	104	64
Amounts owed to group undertakings	1,654	1,328
Social security and other taxes	342	269
Accruals	282	351
	2,483	2,012

Amounts owed to group undertakings relates to fellow subsidiaries of the ultimate parent undertaking and are unsecured, interest free and payable on demand.

13 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme for its directors and staff. The assets of the scheme are held separately from those of the Company in an independently administered fund. Pension contributions payable by the Company to the fund are charged to the Income Statement as they become payable within the rules of the scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £46,056 (2020 - £44,638).

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

14 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary share of £1 each	270	270	270	270

15 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£ 000	£ 000
Not later than one year	135	147
Later than one year and not later than five years	107	242
	242	389

16 Dividends

Final dividends paid

	2021	2020
	£ 000	£ 000
Final dividend of £Nil per each Ordinary share	-	-

17 Related party transactions

As a wholly owned subsidiary of Alfa Gomma S.p.A, the Company has taken advantage of the exemptions available under Section 33 of FRS 102 not to disclose related party transactions between fellow group undertakings also owned by Alfa Gomma S.p.A.

Included within other debtors at the year end is a balance of £1,722,000 which relates to a loan made to WLF Real Estate Limited during the year. At the year end WLF Real Estate Limited and Alfa Gomma (UK) Limited were related by virtue of being controlled by the same beneficial owners. The loan is unsecured and is non-interest bearing.

Key management of the Company are the directors only. See note 6.

Alfa Gomma (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Parent and ultimate parent undertaking

The ultimate parent is Alfa Gomma S.p.A., incorporated in Italy. These financial statements are available upon request from Via Torri Bianche 1, 20871 Vimercate (MI), Italy.

19 Non adjusting events after the financial period

On 20 December 2022 the Company acquired the entire share capital of WLF Real Estate Limited which is now a wholly owned subsidiary of Alfa Gomma (UK) Limited.

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.