

Company Registration No. 03335187 (England and Wales)

FERROLI LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR



FERROLI LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | A Buttree G Falcone |
| Company number | 03335187 |
| Registered office | The Granary & Forge Barns Borough Hill Farm Catton Road Walton-On-Trent Swandlincote Derbyshire DE12 8LL |
| Auditor | RSM UK Audit LLP Chartered Accountants Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD |
| Bankers | HSBC Bank Plc Heathrow House 785 Bath Road Cranford Middlesex TW5 9AT |

FERROLI LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

FERROLI LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|--------------------|---------------------|--------------------|---------------------|
| Fixed assets | | | | | |
| Tangible assets | 4 | | 12,344 | | 10,267 |
| Current assets | | | | | |
| Stocks | | 805,149 | | 957,686 | |
| Debtors | 5 | 1,292,794 | | 1,422,516 | |
| Cash at bank and in hand | | 193,126 | | 394,856 | |
| | | <u>2,291,069</u> | | <u>2,775,058</u> | |
| Creditors: amounts falling due within one year | 6 | <u>(2,138,168)</u> | | <u>(2,864,860)</u> | |
| Net current assets/(liabilities) | | | <u>152,901</u> | | <u>(89,802)</u> |
| Total assets less current liabilities | | | <u>165,245</u> | | <u>(79,535)</u> |
| Provisions for liabilities | | | | | |
| Provisions | 7 | | <u>(273,085)</u> | | <u>(184,383)</u> |
| Net liabilities | | | <u>(107,840)</u> | | <u>(263,918)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 9,100,269 | | 8,783,943 |
| Share premium account | 9 | | 2,264,400 | | 2,264,400 |
| Capital redemption reserve | 9 | | 1,118,174 | | 1,118,174 |
| Profit and loss reserves | 9 | | <u>(12,590,683)</u> | | <u>(12,430,435)</u> |
| Total equity | | | <u>(107,840)</u> | | <u>(263,918)</u> |

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

21/09/22

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

andrew buttree

.....
A Buttree
Director

FERROLI LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | Share capital £ | Share premium account £ | Capital redemption reserve £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------|---------------------------------|-------------------------------|------------|
| Balance at 1 January 2020 | | 8,146,476 | 2,264,400 | 1,118,174 | (12,062,877) | (533,827) |
| Year ended 31 December 2020: | | | | | | |
| Loss and total comprehensive income for the year | | - | - | - | (367,558) | (367,558) |
| Conversion of loan to shares | | 637,467 | - | - | - | 637,467 |
| Balance at 31 December 2020 | | 8,783,943 | 2,264,400 | 1,118,174 | (12,430,435) | (263,918) |
| Year ended 31 December 2021: | | | | | | |
| Loss and total comprehensive income for the year | | - | - | - | (160,248) | (160,248) |
| Conversion of loan to shares | 8 | 316,326 | - | - | - | 316,326 |
| Balance at 31 December 2021 | | 9,100,269 | 2,264,400 | 1,118,174 | (12,590,683) | (107,840) |

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Ferrolì Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is The Granary & Forge Barns Borough Hill Farm, Catton Road, Walton-On-Trent, Swandlincote, Derbyshire, DE12 8LL.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The company is dependent on financial support from its parent company, Ferrolì SpA. The Directors of Ferrolì SpA have confirmed that it is their intention to continue to provide the required support so the company is able to meet its liabilities as they fall due up to December 2022.

There does however remain a material uncertainty over the parent company's ability to provide the required support related to the ongoing impact of Covid-19 as well as the impact from the Ukraine crisis. Mitigation processes have been implemented to combat these challenges, however the Directors acknowledge that these uncertainties give rise to a material uncertainty in relation to the adoption of the going concern assumption.

The Directors are however confident that Ferrolì SpA will be able to provide the necessary support and as a result, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers in the year, after deduction of trade discounts and rebates. Income is recognised on invoicing except for income generated from service contracts which is recognised across the life of the contract.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

| | |
|----------------------------------|------------------------------|
| Plant and machinery | Straight line over 5 years |
| Fixtures, fittings and equipment | Straight line over 5 years |
| Motor vehicles | Straight line over 3-4 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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. Impairment losses are recognised in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of finished goods is calculated on a first in, first out basis. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Financial instruments

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 instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being transaction price less amounts settled and any impairment losses.

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade creditors, other creditors, and amounts owed to group undertakings, are initially recognised at transaction price and are subsequently carried at amortised cost, being transaction price less amounts settled.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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 to profit or loss.

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 the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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 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.

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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 in which it arises.

Provision is made for product warranties based on historical claims experience, the volume of sales in the period and known specific product issues. Provisions are discounted when the time value of money is material.

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.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

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.

2 Employees

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

| | 2021 Number | 2020 Number |
|-------|----------------|----------------|
| Total | 11 | 12 |

3 Directors' remuneration

| | 2021 £ | 2020 £ |
|--------------------------------|-----------|-----------|
| Remuneration paid to directors | 77,970 | 81,565 |

Only one of the directors was remunerated by the company during the year (2020: one). All other director costs were paid by another group company and have not been recharged.

The number of directors for whom retirement benefits are accruing under defined contribution schemes were 1 (2020: 1).

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Tangible fixed assets

| | Plant and machinery | Fixtures, fittings and equipment | Motor vehicles | Total |
|------------------------------------|------------------------|--|-------------------|-----------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 January 2021 | 505,445 | 1,111,108 | 75,105 | 1,691,658 |
| Additions | - | 10,969 | - | 10,969 |
| Disposals | (374,512) | (177,604) | (29,544) | (581,660) |
| At 31 December 2021 | 130,933 | 944,473 | 45,561 | 1,120,967 |
| Depreciation and impairment | | | | |
| At 1 January 2021 | 501,911 | 1,104,375 | 75,105 | 1,681,391 |
| Depreciation charged in the year | 2,602 | 3,716 | - | 6,318 |
| Eliminated in respect of disposals | (373,580) | (175,962) | (29,544) | (579,086) |
| At 31 December 2021 | 130,933 | 932,129 | 45,561 | 1,108,623 |
| Carrying amount | | | | |
| At 31 December 2021 | - | 12,344 | - | 12,344 |
| At 31 December 2020 | 3,534 | 6,733 | - | 10,267 |

5 Debtors

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,150,822 | 1,231,448 |
| Amounts owed by group undertakings | 92,482 | 71,344 |
| Other debtors | 49,490 | 119,724 |
| | 1,292,794 | 1,422,516 |

6 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 137,698 | 85,198 |
| Amounts owed to group undertakings | 1,659,510 | 2,054,719 |
| Taxation and social security | 220,818 | 324,193 |
| Other creditors | 120,142 | 400,750 |
| | 2,138,168 | 2,864,860 |

No interest is charged on the loan by the group undertaking.

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Provisions for liabilities

| | 2021 £ | 2020 £ |
|------------------------|----------------|----------------|
| Warranty provision | 273,085 | 117,264 |
| Dilapidation provision | - | 67,119 |
| | <u>273,085</u> | <u>184,383</u> |

8 Called up share capital

| | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
|---|------------------|------------------|------------------|------------------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | <u>9,100,269</u> | <u>8,783,943</u> | <u>9,100,269</u> | <u>8,783,943</u> |

On 1 July 2021, £316,326 of creditors due to the parent company were converted into 316,326 £1 ordinary shares.

9 Reserves

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

10 Operating lease commitments

Lessee

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

| | 2021 £ | 2020 £ |
|----------------------------|---------------|----------------|
| Within one year | 11,020 | 93,688 |
| Between one and five years | 21,008 | 8,490 |
| | <u>32,028</u> | <u>102,178</u> |

11 Parent company

The parent of the smallest group which consolidate these financial statements is Ferroli S.p.A., a company incorporated in Italy. The consolidated financial statements of Ferroli S.p.A. can be obtained from their registered office address: Via Ritonda, 78/A CAP 37047, San Bonifacio (VR), Italy.

FERROLI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which notes that the company is dependent on the ongoing financial support from its parent company, Ferrolì SpA. There does however remain a material uncertainty over the parent company's ability to provide the required financial support for a period of at least 12 months from the date of approval of the financial statements. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The senior statutory auditor was Gareth Jones.

The auditor was RSM UK Audit LLP.