

Stelrad Management Limited

(Registered Number 4049093)

Annual Report and Financial Statements

31 December 2021

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Stelrad Management Limited

Company information

Directors

T T Harvey
G J Letham

Secretary

L Wilcox

Independent Auditors

PricewaterhouseCoopers LLP
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

Natwest
16 Northumberland Street
Newcastle upon Tyne
NE1 7EL

Solicitors

Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Registered Office

69-75 Side
Newcastle upon Tyne
Tyne & Wear
NE1 3JE

Stelrad Management Limited

Strategic report

The directors present the strategic report for the year ended 31 December 2021.

Results and dividends

The company profit for the financial year amounted to £62,000 (2020: loss of £867,000). The payment of a dividend is not recommended.

Principal activities and review of the business

The company's principal activities during the year were that of a management and services supplier to other fellow group undertakings.

The company's key financial and other performance indicators during the year and prior year, were as follows:

	2021	2020
Turnover (£'000)	6,622	3,215
Operating loss (£'000)	(68)	(867)
Profit / (loss) for the financial year (£'000)	62	(867)
Total equity (£'000)	(783)	(845)
Average monthly number of employees	12	12

The performance of the company, on an underlying basis, was consistent with the prior year.

Going concern

In preparing these financial statements on the going concern basis, the directors have considered the company's current and future prospects and its availability of cash resources and financing and the group's financial position. The directors consider that the company is dependent on the continuing financial support of its ultimate parent undertaking. The company has received written confirmation that the ultimate parent company will provide this continuing support for the period of at least 12 months from the date of signing these financial statements. After making enquiries, the directors have a reasonable expectation that the parent company will have adequate resources to continue to provide their support for the period of at least 12 months from the date of signing these financial statements. The company is directly impacted by the group's going concern position which is as follows:

The group meets its day-to-day working capital requirements through a bank loan facility which is in place up to November 2026. At the year-end date the group had drawn down £56.5m of a £80m revolving credit facility. The remainder of the facility and significant cash balances of £15.6m were available to enable day-to-day working capital requirements to be met.

As part of their year-end review, management has performed a detailed going concern review, based on severe but plausible conditions, looking at the group's liquidity and banking covenant compliance, examining expected future performance. Based on the output of this going concern review, management have concluded that the group will be able to continue to operate within its existing facilities and as such the financial statements have been prepared on a going concern basis.

Stelrad Management Limited

Strategic report

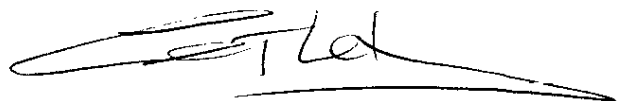
Principal risks and uncertainties

The principal risks and uncertainties impacting the business, including financial risk management, have been considered and due to the nature of the business, there are none which require disclosure.

Future developments

The company will continue to act as a management and services supplier to other fellow group undertakings.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G J Letham', with a long horizontal line extending to the right.

G J Letham
Director
15 March 2022

Stelrad Management Limited

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2021.

The directors have chosen to set out the following information in the strategic report:

- Dividends
- Going concern
- Principal risks and uncertainties
- Future developments

General information

Stelrad Management Limited (the Company) is a private company, limited by shares, incorporated, registered and domiciled in England, United Kingdom. The registered office is located at 69-75 Side, Newcastle upon Tyne, Tyne & Wear, NE1 3JE. Details of the parent and ultimate parent companies are set out in note 22 of the financial statements.

Directors

The directors who served during the year and to the date of signing these financial statements were as follows:

T T Harvey
G J Letham

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the financial year and remains in force as at the date of approving the directors' report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Stelrad Management Limited

Directors' report

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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.

Independent Auditors

PricewaterhouseCoopers LLP acted as auditors during the year and a resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

Basis of preparation

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



G J Letham
Director
15 March 2022

Stelrad Management Limited

Independent auditors' report to the members of Stelrad Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Stelrad Management Limited's financial statements:

- give a true and fair view of the state 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 (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2021; the Income Statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Stelrad Management Limited

Independent auditors' report to the members of Stelrad Management Limited

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings of the Board of Directors;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Stelrad Management Limited

Independent auditors' report to the members of Stelrad Management Limited

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

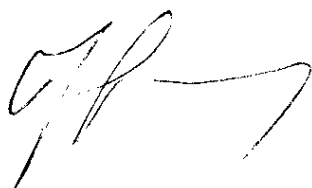
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
15 March 2022

Stelrad Management Limited
Income Statement
for the year ended 31 December 2021

		2021	2020
	Note	£'000	£'000
Turnover	5	6,622	3,215
Administrative expenses – excluding exceptional items		(4,245)	(4,106)
Exceptional administrative expenses	7	(2,445)	-
Other operating income	6	-	24
Operating loss	8	(68)	(867)
Interest payable and similar expenses	11	-	(4)
Interest receivable and similar income	12	-	4
Loss before taxation		(68)	(867)
Tax on loss	13	130	-
Profit / (loss) for the financial year		62	(867)

There are no elements of 'other comprehensive income' in the year; accordingly, a statement of comprehensive income has not been prepared.

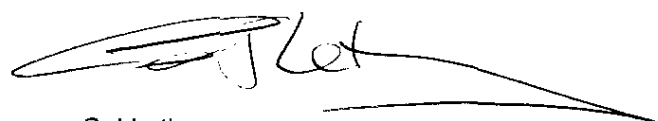
Stelrad Management Limited (Registered Number 4049093)

Balance Sheet

as at 31 December 2021

		2021	2020
	Note	£'000	£'000
Fixed assets			
Tangible assets	14	369	415
Investments	15	<u>15</u>	<u>15</u>
		384	430
Current assets			
Debtors: amounts falling due within one year	16	699	329
Debtors: amounts falling due after more than one year	17	130	-
Cash at the bank and in hand		<u>7</u>	<u>63</u>
		836	392
Creditors: amounts falling due within one year	18	<u>(2,003)</u>	<u>(1,667)</u>
Net current liabilities		<u>(1,167)</u>	<u>(1,275)</u>
Net liabilities		<u>(783)</u>	<u>(845)</u>
Capital and reserves			
Called up share capital	19	-	-
Capital contribution reserve losses		45,000	45,000
Accumulated losses		<u>(45,783)</u>	<u>(45,845)</u>
Total deficit		<u>(783)</u>	<u>(845)</u>

The financial statements on pages 9 to 21 were approved by the Board of Directors on 15 March 2022 and signed on its behalf by:



G J Letham
Director

Stelrad Management Limited
Statement of changes in equity
for the year ended 31 December 2021

	Called up share capital £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total deficit £'000
As at 1 January 2020	-	45,000	(44,978)	22
Loss for the financial year	-	-	(867)	(867)
Total comprehensive expense	-	-	(867)	(867)
As at 31 December 2020	-	45,000	(45,845)	(845)
Profit for the financial year	-	-	62	62
Total comprehensive income	-	-	62	62
As at 31 December 2021	-	45,000	(45,783)	(783)

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

1 Corporate information

The financial statements of the Stelrad Management Limited for the year ended 31 December 2021 were authorised for issue by the board of directors on 15 March 2022. Stelrad Management Limited (the Company) is a private company, limited by shares, incorporated, registered and domiciled in England, United Kingdom. The registered office is located at 69-75 Side, Newcastle upon Tyne, Tyne & Wear, NE1 3JE.

The company is a management and services supplier to other group companies.

2 Basis of preparation

The financial statements of the company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in GB Pounds and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

The financial statements have been prepared on a going concern basis and in accordance with the Companies Act 2006 as applicable to companies using FRS 101, the basis for which is outlined below.

In preparing these financial statements on the going concern basis, the directors have considered the company's current and future prospects and its availability of cash resources and financing and the group's financial position. The directors consider that the company is dependent on the continuing financial support of its ultimate parent undertaking. The company has received written confirmation that the ultimate parent company will provide this continuing support for the period of at least 12 months from the date of signing these financial statements. After making enquiries, the directors have a reasonable expectation that the parent company will have adequate resources to continue to provide their support for the period of at least 12 months from the date of signing these financial statements. The company is directly impacted by the group's going concern position which is as follows:

The group meets its day-to-day working capital requirements through bank loan facilities which are in place up to November 2026. At the year-end date the group had drawn down £56.5m of a £80m revolving credit facility. The remainder of the facility and significant cash balances of £15.6m were available to enable day-to-day working capital requirements to be met.

As part of their year-end review, management has performed a detailed going concern review, based on severe but plausible conditions, looking at the group's liquidity and banking covenant compliance, examining expected future performance. Based on the output of this going concern review, management have concluded that the group will be able to continue to operate within its existing facilities and as such the financial statements have been prepared on a going concern basis.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Stelrad Group plc. Copies of Stelrad Group plc's financial statements can be obtained from Companies House, Cardiff.

The financial statements provide comparative information in respect of the previous year.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021. No new accounting standards have been applied before their effective date.

The accounting policies have been applied consistently, other than where new policies have been adopted.

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

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

- The requirements of IFRS 7 Financial Instruments: Disclosures as they are available within the consolidated financial statements of Stelrad Group plc.
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement as they are available within the consolidated financial statements of Stelrad Group plc.
- The requirement in paragraph 39 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i) Paragraph 79 a) iv) of IAS 1
 - ii) Paragraph 73 e) of IAS 16 Property, Plant and Equipment
- The requirements of paragraphs 10 d), 10 f), 39 c) 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 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 party to the transaction is a wholly owned by such a member.

3 Summary of significant accounting policies

a) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'GB Pounds' (£), which is the company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

b) 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

c) Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

d) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the tangible fixed assets and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of tangible fixed assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Freehold buildings	25 years
Motor vehicles	4 years
Fixtures and fittings	2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets' carrying value is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

e) Cash at bank and in hand

Cash at bank and in hand in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

f) Pensions

For the defined contribution section of both schemes the amount charged to the income statement in respect of *pension costs and other post-retirement benefits is the contributions payable in exchange for services rendered in the period*. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

g) Exceptional items

Exceptional items are disclosed by virtue of their nature, size or incidence to allow a better understanding of the underlying trading performance of the Group.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management do not consider that they have made any judgements, which would have a significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

Management do not consider there to be any key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Where applicable, the Company bases its assumptions and estimates on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Where applicable, such changes are reflected in the assumptions when they occur.

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

5 Turnover

For management purposes, the company does not have any reportable segments due to the simplicity of its operations. Accordingly, no further disclosures on operating segments are provided. All of the non-current operating assets of the company are based in the United Kingdom.

All turnover relates to management recharges.

Geographic information	2021 £'000	2020 £'000
United Kingdom	6,281	2,855
Europe	341	360
Total turnover	<u>6,622</u>	<u>3,215</u>

6 Other operating income

	2021 £'000	2020 £'000
Foreign currency gains	<u>-</u>	<u>24</u>

7 Exceptional administrative expenses

	2021 £'000	2020 £'000
Exceptional items	<u>2,445</u>	<u>-</u>

The exceptional items in the year ended 31 December 2021 are costs relating to professional advisors employed by the Group to explore the potential sale of the Group and to subsequently execute the IPO. These costs are one-off in nature and disclosing these costs as exceptional allows the true underlying performance of the Group to be more easily reviewed. There were no exceptional items in the year ended 31 December 2020.

8 Operating loss

	2021 £'000	2020 £'000
Auditors' remuneration		
- audit services – UK	93	41
Depreciation of owned fixed assets	48	48
Foreign currency gains	-	(24)

The audit services fee includes those in relation to fellow group companies which are not recharged. The fee for the audit of the financial statements of the Company is £7,000 (2020: £7,000).

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

9 Employee benefits expense

	2021 £'000	2020 £'000
Wages and salaries	2,902	2,743
Social security costs	402	381
Other pension costs	142	132
	<u>3,446</u>	<u>3,256</u>

The average monthly number of employees during the year was made up as follows:

	2021 Number	2020 Number
Administration	<u>12</u>	<u>12</u>

10 Directors' emoluments

Included within staff costs (note 9) is an amount of £1,911,000 (2020: £2,023,000) for directors' emoluments paid by the company in respect of services to the Group. The company has recharged £1,911,000 (2020: £2,023,000) of this cost to fellow subsidiary undertakings as part of the management charge (note 5).

The aggregate remuneration in respect of the highest paid director is £1,083,000 (2020: £1,229,000).

The emoluments are fully disclosed in the financial statements of Stelrad Group plc.

11 Interest payable and similar expenses

	2021 £'000	2020 £'000
Other interest	<u>-</u>	<u>4</u>

12 Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest	<u>-</u>	<u>4</u>

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

13 Tax on loss

The major components of tax on loss are as follows:

	2021 £'000	2020 £'000
Income statement		
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of timing differences	(130)	-
	<u>(130)</u>	<u>-</u>

Reconciliation of tax expense and the accounting result at the tax rate in the United Kingdom of 19% (2020: 19%):

	2021 £'000	2020 £'000
Loss before taxation	<u>(68)</u>	<u>(867)</u>
At United Kingdom statutory income tax rate of 19% (2020: 19%):	(13)	(165)
Non-deductible expenses for tax purposes	194	21
Losses (utilised) / unutilised	(181)	144
Losses recognised	130	-
Total tax	<u>130</u>	<u>-</u>

Deferred tax

Deferred tax relates to the following:

	Balance sheet		Income statement	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Losses	130	-	(130)	-
Deferred tax income	<u>130</u>	<u>-</u>	<u>(130)</u>	<u>-</u>
Net deferred tax assets	<u>130</u>	<u>-</u>		
Reflected in the balance sheet as:				
Deferred tax assets	<u>130</u>	<u>-</u>		

Deferred tax asset recognition

During the year the Company has chosen to recognise previously unrecognised deferred tax assets in relation to tax losses. The newly recognised losses are all post April 2017 UK losses and the decision has been taken to recognise the losses in the year because the new capital structure of Stelrad Group plc post IPO.

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for the year ended 31 December 2021

Reconciliation of deferred tax assets

	2021 £'000	2020 £'000
Opening balance as at 1 January	-	-
Tax income recognised in profit or loss	130	-
Closing balance as at 31 December	130	-

Unrecognised deferred tax balances

	2021 £'000	2020 £'000
Decelerated capital allowances	29	22
Losses available for offsetting against future income	938	1,100
	967	1,122

The Company has tax losses which arose in the United Kingdom of £4,264,000 (2020: £5,789,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they arose prior to April 2017 and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Changes in the corporate income tax rate

The UK Government has announced its intention to increase the UK corporation tax rate to 25% by 1 April 2023. This rate change has now been substantively enacted. When recognising deferred tax within the balance sheet, the Group has used a blended rate which represents the rate at which deferred tax is expected to unwind.

14 Tangible assets

	Freehold land and buildings £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2021	937	36	126	1,099
Additions	-	-	2	2
At 31 December 2021	937	36	128	1,101
Accumulated depreciation				
At 1 January 2021	548	22	114	684
Depreciation charge	36	9	3	48
At 31 December 2021	584	31	117	732
Net book value				
At 31 December 2021	353	5	11	369
At 31 December 2020	389	14	12	415

At 31 December 2021, none of the Company's land and buildings (2020: land and buildings with a carrying amount of £389,000) were subject to a first charge to secure the Group's bank loan.

Stelrad Management Limited

Notes to the Financial Statements

for the year ended 31 December 2021

15 Investments

£'000

Cost and net book value

As at 1 January and 31 December 2021

15

Information about subsidiaries

Details of the investments which the company holds at 31 December 2021 are as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights held (%)	Nature of business
Woolamai Group UK Limited	United Kingdom	Ordinary	100	Dormant
Henrad UK Limited	United Kingdom	Ordinary	100	Dormant

Registered office for all subsidiaries is 69-75 Side, Newcastle upon Tyne, NE1 3JE, United Kingdom.

16 Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Other debtors	444	208
Prepayments and accrued income	118	29
Amounts due from fellow subsidiary undertakings	137	92
	<u>699</u>	<u>329</u>

17 Debtors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Deferred tax assets	130	-
	<u>130</u>	<u>-</u>

18 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	106	7
Other creditors and accruals	1,689	1,559
Other taxes and social security	208	101
	<u>2,003</u>	<u>1,667</u>

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Notes to the Financial Statements

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19 Called up share capital

	2021 Number	2021 £'000	2020 Number	2020 £'000
Authorised				
Ordinary shares of £1 each	1,000	<u>1</u>	1,000	<u>1</u>
Allotted, issued and fully paid:				
Ordinary shares of £1 each	1	<u>-</u>	1	<u>-</u>

20 Contingent liabilities

Under an unlimited multilateral guarantee, the company in common with certain fellow subsidiary undertakings in the UK has jointly and severally guaranteed the obligations falling due under the company's net overdraft facilities. No liability is expected to arise from this arrangement.

21 Related party transactions

The company has taken advantage of the exemption available under FRS 101, not to disclose related party transactions with other wholly owned group undertakings.

22 Ultimate Parent Undertaking and Controlling Party

The immediate parent undertaking is Stelrad Radiator Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking is Stelrad Group plc, a company registered in England and Wales.

The parent of the smallest and largest group to consolidate these financial statements is Stelrad Group plc, a company registered in England and Wales. Copies of Stelrad Group plc's financial statements can be obtained from Companies House, Cardiff. The registered office of Stelrad Group plc is 69-75 Side, Newcastle upon Tyne, Tyne & Wear, NE1 3JE.