

IPCO UK PROCESS SYSTEMS LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

J W Hinks LLP
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**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Statement of Directors' Responsibilities	4
Report of the Independent Auditors	5 to 8
Income Statement	9
Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 29

IPCO UK PROCESS SYSTEMS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

DIRECTORS:

Mr A Bodin
Mr J Faulkner
Mr J P Sjorgren

REGISTERED OFFICE:

Units 3 & 4, Block B, Progress Point Sec
Pensnett Trading Estate
Kingswinford
West Midlands
DY6 7FT

REGISTERED NUMBER:

10852217 (England and Wales)

AUDITORS:

J W Hinks LLP
19 Highfield Road
Edgbaston
Birmingham
West Midlands
B15 3BH

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report for the year ended 31 December 2022.

The principal activity of the Company is the sale of goods and services of solid steel conveyor belts and associated process equipment and plant.

REVIEW OF BUSINESS

The Company made a profit for the financial year of £116,165 (2021: £50,429) and has net assets of £1,517,634 (2021: £1,401,469).

The Directors are satisfied with the trading performance during the year and are of the opinion that the Company is well positioned to continue trading successfully, improving market share, within its target operational areas.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk

In the ordinary course of business, the Company is exposed to a variety of financial risks that include credit risk and liquidity risk.

Economic downturn

The success of the business is partly dependent on consumer spending levels. A marked reduction in such spending would impact on Company's performance.

Foreign exchange risk

The Company incurs costs and makes sales in currencies that differ from its functional currency. These exposures are monitored to keep exchange variances to a minimal.

KEY PERFORMANCE INDICATORS

The Company's turnover for the year was £531,262 (2021: £540,705), Gross Profit Margin was 73.8% (2021: 54.5%) and the profit for the financial year was £116,165 (2021: £50,429).

The Company has net assets of £1,517,634 (2021: £1,401,469).

FUTURE DEVELOPMENTS

The Directors do not consider that there will be any significant changes to the Companies activities in the foreseeable future.

ON BEHALF OF THE BOARD:

Mr A Bodin - Director

29 September 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

FUTURE DEVELOPMENTS

Details of the Company's future developments can be found in the Strategic Report on page 2.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr A Bodin
Mr J Faulkner

Other changes in directors holding office are as follows:

Miss A H Frisk - resigned 1 April 2022
Mr J P Sjorgren - appointed 28 January 2022

POLITICAL DONATIONS AND EXPENDITURE

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

GOING CONCERN

At the Balance Sheet date, the Company had net assets of £1,517,634 (2021: £1,401,469). The Directors have undertaken a review of the financial position of the Company and consider the Company has sufficient resources to enable it to meet its liabilities as and when they fall due for payment. The ultimate parent company FAM AB, has committed to provide any financial support which may be necessary in order that the Company can meet its liabilities as they fall due for the foreseeable future.

The Directors are satisfied that with the support from FAM AB, the Company will have sufficient cash flow present to pay liabilities as they fall due. Therefore the financial statements have been prepared on a going concern basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, J W Hinks LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr A Bodin - Director

29 September 2023

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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;
- 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPCO UK PROCESS SYSTEMS LIMITED

Opinion

We have audited the financial statements of IPCO UK Process Systems Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 Auditors' 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 a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPCO UK PROCESS SYSTEMS LIMITED

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 Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption 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 four, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IPCO UK PROCESS SYSTEMS LIMITED

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and discussed the policies and procedures regarding compliance.

Specific areas considered were as follows:

- Enquiring with management and others to gain an understanding of the organisation itself including operations, financial reporting and known fraud or error.
- Evaluating and understanding the internal control system.
- Performing analytical procedures as expected or unexpected variances in account balances or classes of transactions appear.
- Testing documentation supporting account balances or classes of transactions.
- Confirming accounts receivable and other accounts with a third party.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected all irregularities including those leading to material misstatements in the financial statements or non-compliance with regulation, even though we have properly planned and performed our audit in accordance with auditing standards.

This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
IPCO UK PROCESS SYSTEMS LIMITED**

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 a Report of the Auditors 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.

Marcus Rose FCA CTA (Senior Statutory Auditor)
for and on behalf of J W Hinks LLP
19 Highfield Road
Edgbaston
Birmingham
West Midlands
B15 3BH

29 September 2023

IPCO UK PROCESS SYSTEMS LIMITED (REGISTERED NUMBER: 10852217)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
REVENUE	4	531,262	540,705
Cost of sales		<u>139,357</u>	<u>246,026</u>
GROSS PROFIT		391,905	294,679
Administrative expenses		<u>244,894</u>	<u>229,233</u>
OPERATING PROFIT		147,011	65,446
Interest receivable and similar income	7	<u>702</u>	<u>-</u>
		147,713	65,446
Interest payable and similar expenses	8	<u>3,353</u>	<u>5,172</u>
PROFIT BEFORE TAXATION	9	144,360	60,274
Tax on profit	11	<u>28,195</u>	<u>9,845</u>
PROFIT FOR THE FINANCIAL YEAR		<u>116,165</u>	<u>50,429</u>

The notes form part of these financial statements

IPCO UK PROCESS SYSTEMS LIMITED (REGISTERED NUMBER: 10852217)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		116,165	50,429
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>116,165</u>	<u>50,429</u>

The notes form part of these financial statements

IPCO UK PROCESS SYSTEMS LIMITED (REGISTERED NUMBER: 10852217)

**BALANCE SHEET
31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Owned					
Intangible assets	12		1,407,983		1,407,983
Property, plant and equipment	13		1,567		5,137
Right-of-use					
Property, plant and equipment	13, 18		75,116		46,216
			<u>1,484,666</u>		<u>1,459,336</u>
CURRENT ASSETS					
Inventories		5,406		6,695	
Debtors	14	140,100		146,651	
Cash at bank		<u>26,104</u>		<u>-</u>	
		171,610		153,346	
CREDITORS					
Amounts falling due within one year	15	<u>101,512</u>		<u>200,390</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>70,098</u>		<u>(47,044)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,554,764		1,412,292
CREDITORS					
Amounts falling due after more than one year	16		<u>37,130</u>		<u>10,823</u>
NET ASSETS			<u>1,517,634</u>		<u>1,401,469</u>
CAPITAL AND RESERVES					
Called up share capital	19		1,378,000		1,378,000
Retained earnings	20		<u>139,634</u>		<u>23,469</u>
SHAREHOLDERS' FUNDS			<u>1,517,634</u>		<u>1,401,469</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2023 and were signed on its behalf by:

Mr A Bodin - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1,378,000	(26,960)	1,351,040
Changes in equity			
Total comprehensive income	-	50,429	50,429
Balance at 31 December 2021	<u>1,378,000</u>	<u>23,469</u>	<u>1,401,469</u>
Changes in equity			
Total comprehensive income	-	116,165	116,165
Balance at 31 December 2022	<u>1,378,000</u>	<u>139,634</u>	<u>1,517,634</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. STATUTORY INFORMATION

IPCO UK Process Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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 £.

As the consolidated financial statements of FAM AB include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of paragraph 24(6) of IFRS 6 Exploration for and Evaluation of Mineral Resources;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraph 52 the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
 - the requirements of paragraph 58 of IFRS 16;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 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 paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Turnover from contracts with customers

Turnover is recognised to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

Turnover recognition is based on a five-step model which requires, for each customer contract, that the transaction price is apportioned to the separate performance obligations set out in the contract on a relative standalone selling price basis, and recognised as turnover at the point at which control of goods or services is transferred to the customer. In determining the transaction price, variable turnover is included in the transaction price where it is highly probable that it will be realised. Turnover is taken into account where it is expected to be collectible.

Turnover is recognised in respect of a performance obligation when it is both distinct from other performance obligations in the contract and the performance obligation has been fully satisfied. Criteria applied in assessing whether a performance obligation is distinct include determining whether:

- a) it is separately identifiable within the contract; and
- b) whether the customer can benefit from the service either on its own, or in combination with other readily available resources.

Sale of solid steel conveyor belts and installation services

The belt and the installation service is treated as one performance obligation. As the customer cannot benefit from the goods or services on its own, or together with other resources readily available to the customer. Therefore, the sale of steel belts and the installation are not considered to be distinct from each other.

The sale of steel belt products and services are recognised at point in time. Turnover is recognised when the customer obtains control. The indicator of the transfer of control is when the customer has significant risks and rewards of ownership of the asset.

Process equipment and plant

Turnover is recognised overtime or at a point of time.

Turnover is recognised over time if the outcome of a construction contract can be estimated reliably and measure using a percentage of completion method, in proportion to the stage of completion of contract activity.

Turnover is recognised over time if the contract meets the following conditions:

- Materiality - 2% of the entity's own equipment turnover (full previous financial year);
- Long-term contracts (>3 months);
- Everything in the projects are tailor-made bundled solutions; and
- Right to payment for performance completed to date.

If these conditions are not met, turnover is recognised at a point in time.

Commission

The company receives quarterly commission from group companies in respect of sales to UK.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Under IAS 17, the Company had leases which were classified as finance leases as the Company had assumed substantially all the risks and rewards of ownership of the leased asset. Where land and buildings were held under leases the accounting treatment of the land was considered separately from that of the buildings. Prior to 1 January 2019, these leased assets acquired by way of finance lease were stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. The accounting treatment for these leases subsequent to transition to IFRS 16, and for leases entered into after 1 January 2019 are described below in accounting policy on page 19.

Depreciation

Depreciation is charged to the Profit and Loss Account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Plant and Machinery 3 years
- Fixtures and fittings 3-5 years
- Leasehold improvements 5 years

Depreciation methods, useful lives and residual values are reviewed at each Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

b) Subsequent measurement and gains and losses

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Stocks

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration IFRS 16.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right of use asset' and lease liabilities in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. ACCOUNTING POLICIES - continued

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Going concern

At the Balance Sheet date, the Company had net assets of £1,517,634 (2021: £1,401,469). The Directors have undertaken a review of the financial position of the Company and consider the Company has sufficient resources to enable it to meet its liabilities as and when they fall due for payment. The ultimate parent company FAM AB, has committed to provide any financial support which may be necessary in order that the Company can meet its liabilities as they fall due for the foreseeable future.

The Directors are satisfied that with the support from FAM AB, the Company will have sufficient cash flow present to pay liabilities as they fall due. Therefore the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Company's accounting policies management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Estimation of depreciation and amortisation

In selecting appropriate depreciation and amortisation policies management must exercise a certain level of estimation when determining the expected useful life of assets purchased or internally developed. Assets are continually reviewed for impairment and are written off immediately when no longer in use

IFRS 16 Lease term

Lease term: the lease liabilities were calculated as the present value of remaining fixed lease payments as of 1 January 2019. A corresponding Right of Use ("ROU") asset and balance starts equal to the lease liability. The lease terms are defined by the lease contract and have a lease term as defined by the contract. Where there are break clauses, or options to extend, the term is estimated as that term which is reasonably certain to be undertaken. The Company considers the requirements of the business and the financial implications to break or extend a lease when making this estimate.

4. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

An analysis of revenue by class of business is given below:

	2022	2021
	£	£
Solid steel conveyor belts	362,570	503,976
Process equipment and plant	168,692	36,729
	<u>531,262</u>	<u>540,705</u>

An analysis of revenue by geographical market is given below:

	2022	2021
	£	£
United Kingdom	127,170	155,012
Germany	27,791	19,573
Sweden	235,450	348,459
Switzerland	-	2,664
Netherlands	140,851	14,997
	<u>531,262</u>	<u>540,705</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	141,980	235,343
Social security costs	13,051	17,887
Other pension costs	26,279	24,246
	<u>181,310</u>	<u>277,476</u>

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

	2022	2021
Management	1	1
Sales, General & Administration	<u>2</u>	<u>2</u>
	<u>3</u>	<u>3</u>

6. DIRECTORS' EMOLUMENTS

	2022	2021
	£	£
Directors' remuneration	71,278	9,190
Directors' pension contributions to money purchase schemes	<u>12,684</u>	<u>941</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director was £71,278 (2021: £9,190) and company pension contributions of £12,684 (2021: £941) were made to a money purchase scheme on their behalf.

Retirements benefit are accruing to one Director under money purchase schemes (2021: 1).

The information above represents the remuneration received by one Director of the Company, the remaining Directors are remunerated by other Group companies. It is not practicable to ascertain separately the element that relates to their emoluments for services to the Company. These Directors did not receive any emoluments from the Company for their services to the Company.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Deposit account interest	233	-
HMRC Interest Income	<u>469</u>	<u>-</u>
	<u>702</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	1,677	2,483
Leasing	<u>1,676</u>	<u>2,689</u>
	<u>3,353</u>	<u>5,172</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2022	2021
	£	£
Cost of inventories recognised as expense	139,357	246,026
Depreciation - owned assets	5,348	6,189
Depreciation - assets on hire purchase contracts or finance leases	<u>45,828</u>	<u>49,166</u>

10. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>5,500</u>	<u>5,250</u>

11. TAXATION

Analysis of tax expense

	2022	2021
	£	£
Current tax:		
Tax	<u>28,195</u>	<u>9,845</u>
Total tax expense in income statement	<u>28,195</u>	<u>9,845</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2021 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before income tax	<u>144,360</u>	<u>60,274</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	27,428	11,452
Effects of:		
Expensive Leased Cars	90	154
Depreciation	9,723	10,517
HMRC Charges	-	40
Lease Tax Charge	208	126
Fixed Asset Depreciation Allowed under SP3/91	(8,707)	(9,341)
Capital Allowances	(439)	-
Client Entertainment	151	-
Deferred Tax	(259)	269
Loss brought forward	-	(3,372)
Tax expense	<u>28,195</u>	<u>9,845</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

12. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2022	
and 31 December 2022	<u>1,407,983</u>
NET BOOK VALUE	
At 31 December 2022	<u>1,407,983</u>
At 31 December 2021	<u>1,407,983</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2022	126,838	19,185	13,575	63,871	223,469
Additions	-	1,778	-	74,728	76,506
Disposals	-	-	-	(62,731)	(62,731)
At 31 December 2022	<u>126,838</u>	<u>20,963</u>	<u>13,575</u>	<u>75,868</u>	<u>237,244</u>
DEPRECIATION					
At 1 January 2022	89,550	15,146	11,793	55,627	172,116
Charge for year	28,786	3,302	1,567	17,521	51,176
Eliminated on disposal	-	-	-	(62,731)	(62,731)
At 31 December 2022	<u>118,336</u>	<u>18,448</u>	<u>13,360</u>	<u>10,417</u>	<u>160,561</u>
NET BOOK VALUE					
At 31 December 2022	<u>8,502</u>	<u>2,515</u>	<u>215</u>	<u>65,451</u>	<u>76,683</u>
At 31 December 2021	<u>37,288</u>	<u>4,039</u>	<u>1,782</u>	<u>8,244</u>	<u>51,353</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	45,462	48,885
Amounts owed by group undertakings	59,156	18,033
Other debtors	35,482	79,733
	<u>140,100</u>	<u>146,651</u>

At 31 December 2022, debtors falling due after more than one year amounted to £16,434 (2021: £16,434).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans and overdrafts (see note 17)	-	92,133
Leases (see note 17)	30,118	37,668
Trade creditors	2,346	8,059
Amounts owed to group undertakings	5,171	22,617
Corporation tax	28,247	9,450
Deferred tax	74	333
Social security and other taxes	7,357	5,644
VAT	1,589	6,549
Accruals and deferred income	26,610	17,937
	<u>101,512</u>	<u>200,390</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Leases (see note 17)	<u>37,130</u>	<u>10,823</u>

17. FINANCIAL LIABILITIES - BORROWINGS

	2022	2021
	£	£
Current:		
Bank overdrafts	-	92,133
Leases (see note 18)	<u>30,118</u>	<u>37,668</u>
	<u>30,118</u>	<u>129,801</u>
Non-current:		
Leases (see note 18)	<u>37,130</u>	<u>10,823</u>

Terms and debt repayment schedule

	1 year or less	1-2 years	Totals
	£	£	£
Leases	<u>30,118</u>	<u>37,130</u>	<u>67,248</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. LEASING

Right-of-use assets**Property, plant and equipment**

	2022 £	2021 £
COST		
At 1 January 2022	186,677	208,969
Additions	74,728	-
Disposals	(62,731)	(22,292)
	<u>198,674</u>	<u>186,677</u>
DEPRECIATION		
At 1 January 2022	140,461	105,167
Charge for year	45,828	49,166
Eliminated on disposal	(62,731)	(13,872)
	<u>123,558</u>	<u>140,461</u>
NET BOOK VALUE	<u>75,116</u>	<u>46,216</u>

Lease liabilities

Minimum lease payments fall due as follows:

	2022 £	2021 £
Gross obligations repayable:		
Within one year	30,118	37,668
Between one and five years	37,130	10,823
	<u>67,248</u>	<u>48,491</u>
Finance charges repayable:	<u> </u>	<u> </u>
Net obligations repayable:		
Within one year	30,118	37,668
Between one and five years	37,130	10,823
	<u>67,248</u>	<u>48,491</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
1,378,000	Ordinary	1	<u>1,378,000</u>	<u>1,378,000</u>

All class of shares have equal voting rights. Each shareholder will have one vote in respect of each share held. All shareholders have equal rights to participate in dividend distributions.

Reserves

Called up share capital -

Represents the nominal value of shares issued.

Profit and Loss Account -

Represents the reserves for net gains and losses recognised in the Profit and Loss Account.

20. RESERVES

	Retained earnings £
At 1 January 2022	23,469
Profit for the year	<u>116,165</u>
At 31 December 2022	<u>139,634</u>

21. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £26,278 (2021: £24,246).

22. RELATED PARTY DISCLOSURES

The Company is exempt from the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the group.

23. ULTIMATE CONTROLLING PARTY

The Company is a subsidiary undertaking of FAM AB, a company registered in Sweden, which is the ultimate parent company and controlling party.

The largest group in which the results of the Company are consolidated is that headed by FAM AB, P.O Box 16066, SE-103 22 Stockholm, Sweden. The smallest group in which they are consolidated is that headed by IPCO AB 2453-Vastra Verken, 811 81 Sandviken, Sweden. The consolidated financial statements of these groups are available to the public and can be obtained from the Company Director at Units 3 & 4, Block B, Progress Point Second Avenue, Pensnett Trading Estate, Kingswinford, England, DY6 7FT.

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