

AFG Stirling Limited

**Annual report and financial statements
for the year ended 31 August 2022**

Registered number: SC206470



AFG Stirling Limited

Annual report and financial statements for the year ended 31 August 2022

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AFG Stirling Limited

Directors' report for the year ended 31 August 2022

The directors present their annual report and audited financial statements of the company for the year ended 31 August 2022.

The directors' report has been prepared in accordance with section 415A of the Companies Act 2006 relating to small entities.

The immediate parent company, AFE Group Limited, has confirmed through the issuance of a letter of support to give continued financial support to the company for a period of at least twelve months from the date of approval of the financial statements. As a result the directors continue to adopt the going concern basis in preparing the accounts. Further details of this are shown in Note 1 of the financial statements.

Results for the year

The profit and loss account is set out on page 8. The profit for the financial year after taxation was £14,278 (2021: £425,996); this is significantly lower than the previous year due to loss in the valuation of property accounted in the current year. As at 31 August 2022, the company had net liabilities of £17,397 (2021: £31,675); a reduction as a result of loss in the valuation of property and increase in the debtors. The directors do not recommend payment of a dividend (2021: £Nil).

Review of activities, future developments and events after the balance sheet date

The principal activity of the company is that of property holding. The investment property is occupied by a business division of AFE Group Limited.

The level of business and the year end position were satisfactory and the directors expect that an acceptable level of activity will be sustained in the foreseeable future.

After the year end, the loan from immediate parent company has been extended on 25 October 2022, through to 25 October 2032. See note 13.

Directors

The directors of the company during the year under review and up to the date of signing the financial statements were:

T Smith

M Anastasia

AFG Stirling Limited

Directors' report for the year ended 31 August 2022 (continued)

Directors' qualifying third party indemnity provisions

The company and its parent company has granted an indemnity to 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 year and remains in force as at the date of approving the directors' report.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.

AFG Stirling Limited

Directors' report for the year ended 31 August 2022 (continued)

Disclosure of information to the auditor

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

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) he 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 auditor is aware of that information.

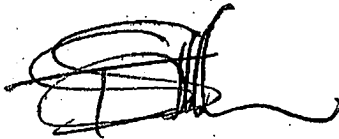
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP served as auditor during the year. ACT Audit Limited have expressed their willingness to commence in office as auditors and appropriate arrangements are being made for them to be appointed as auditors in the absence of an Annual General Meeting.

The directors' report was approved by the board and authorised to be issued on 22 MAY 2023

It was signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'T Smith', with a stylized, cursive flourish extending to the right.

T Smith

Director

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AFG Stirling Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 August 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited (continued)

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

AFG Stirling Limited

Independent auditor's report to the members of AFG Stirling Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Adkins FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

22 May 2023

AFG Stirling Limited

Profit and loss account for the year ended 31 August 2022

	Notes	2022 £	2021 £
Turnover		300,000	300,000
(Loss)/Gain on property valuation		(200,000)	200,000
Operating profit		100,000	500,000
Interest payable and similar expenses	4	(35,459)	(20,992)
Profit before taxation	2	64,541	479,008
Tax on profit	5	(50,263)	(53,012)
Profit for the financial year		14,278	425,996

The above results relate to continuing activities.

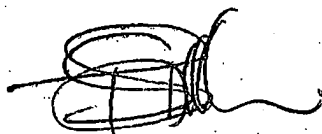
The company has no other comprehensive income other than the profits above and therefore no separate statement of other comprehensive income has been presented.

AFG Stirling Limited

Balance sheet as at 31 August 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	6	2,600,000	2,800,000
Current assets			
Debtors	7	1,122,713	915,935
Creditors: amounts falling due within one year	8	(3,740,110)	(22,610)
Net current (liabilities) / assets		(2,617,397)	893,325
Total assets less current liabilities		(17,397)	3,693,325
Creditors: amounts falling due after more than one year	9	-	(3,725,000)
Net liabilities		(17,397)	(31,675)
Capital and reserves			
Called-up share capital	10	100	100
Profit and loss account	10	(17,497)	(31,775)
Total shareholders' deficit		(17,397)	(31,675)

The accounts of AFG Stirling Limited (registered number SC206470) were approved by the board of directors and authorised for issue on 22 May 2023. They were signed on its behalf by:



T Smith
Director

AFG Stirling Limited

Statement of changes in equity for the year ended 31 August 2022

	Share Capital	Profit and Loss account	Total Equity
	£	£	£
Balance as at 1 September 2021	100	(31,775)	(31,675)
Profit for the financial year and total comprehensive profit for the year	-	14,278	14,278
Balance as at 31 August 2022	100	(17,497)	(17,397)

	Share Capital	Profit and Loss account	Total Equity
	£	£	£
Balance as at 1 September 2020	100	(457,771)	(457,671)
Profit for the financial year and total comprehensive profit for the year	-	425,996	425,996
Balance as at 31 August 2021	100	(31,775)	(31,675)

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022

1 Accounting policies

The following statements outline the principal accounting policies of the company, which have been applied consistently.

General Information and basis of accounting

AFG Stirling Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the company's registered office is Wallaceview, Hillfoots Road, Stirling, FK9 5PY.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Ali Holding s.r.l, which may be obtained at Via Gobetti, 2a – Villa Fiorita, 20063 Cernusco sul Naviglio (Milano) Italy. Exemptions have been taken in these separate Company financial statements in relation to, financial instruments, presentation of a cash flow statement, presentation of a reconciliation of the number of shares outstanding at the beginning and at the end of the year, and remuneration of key management personnel.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding the net liabilities of £17,397 (2021: £31,675), for the following reason: An amount included within creditors falling due within one year of £3,725,000 is due to the company's immediate parent who have provided a letter of support confirming they will continue to provide financial support to allow AFG Stirling Limited to continue trading for the next 12 months.

Turnover

Rental income from operating leases is recognised on a straight line basis over the term of the lease and is all receivable from a related party, AFE Group Limited. There are no unguaranteed residual interests, contingent liabilities or uncertainties arising from leasing transactions.

The operating lease agreement is with entity's immediate parent company AFE Group Limited, in respect of property owned by the entity and utilised as offices and manufacturing site by the immediate parent company. There is a review and break clause dated 1 September 2023, the lease agreement end date is 31 August 2028 and it is expected that the break clause will not be used.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Investment Properties

Investment properties are measured at fair value annually with any change recognised in the profit and loss account.

Basic Financial Instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

1 Accounting policies (continued)

Other Financial Instruments

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except for investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred taxation

Deferred tax is provided on all temporary differences, using the liability method. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Income tax is provided for using current rates. Deferred tax balances are not discounted.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The valuation of the investment property is determined a key source of estimation uncertainty. The directors have taken reliance on the investment property valuation undertaken as at 31 August 2022 by Clark Weightman (see note 6), an independent valuer, on the basis of market value in accordance with the RICS Valuation – Global Standards February 2020, published by The Royal Institution of Chartered Surveyors.

The directors do not consider that there are any areas of significant judgement that require further disclosure.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

2 Profit before taxation

Profit before taxation is stated after crediting:

	2022	2021
	£	£
(Loss)/Gain arising on remeasurement of investment property	(200,000)	200,000

Fees in the sum of £2,000 (2021: £2,000) payable to the company's auditor for the audit of the company financial statements has been paid without recharge by the immediate parent company.

3 Employees

There were no employees (2021: none) during the year.

Directors' emoluments

There were no emoluments paid to the directors in the year (2021: £nil) in respect of their services to the company.

4 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to immediate parent company	35,459	20,979
Other interest payable	-	13
Interest payable and similar charges	35,459	20,992

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

5 Tax on profit

	2022	2021
	£	£
Current tax charge	50,263	53,012
Deferred tax charge	-	-
Total tax charge	50,263	53,012

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

	2022	2021
	£	£
Profit before taxation	64,541	479,008
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	12,263	91,012
Effects of:		
Expenses not allowable / (Income not chargeable) for tax purposes	38,000	(38,000)
Total tax charge for the year	50,263	53,012

The Finance Act 2020, substantively enacted in March 2020, provided for the main rate of corporation tax to remain at 19%. The Finance Act 2021, substantively enacted in May 2021, provided for the main rate of corporation tax rate will increase from 19% to 25% from April 2023. For profits up to £50,000, the corporation tax rate will remain at 19%. It will then be tapered up to 25% for profits up to £250,000. For profits in excess of £250,000, the 25% rate will apply.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

6 Tangible assets

	Investment property £
Valuation	
At 1 September 2021	2,800,000
Remeasurement of investment property	(200,000)
At 31 August 2022	2,600,000
Net book value	
At 31 August 2022	2,600,000
At 31 August 2021	2,800,000

Investment property, which is freehold, was revalued to fair value at 31 August 2022 based on a valuation undertaken by Clark Weightman, an independent valuer, on the basis of market value in accordance with the RICS Valuation – Global Standards February 2020, published by The Royal Institution of Chartered Surveyors.

Under historical cost accounting rules the value of the Investment Property would be £2,739,771 (2021: £2,817,416).

At the balance sheet date, the company had contracted with tenants for the following future minimum lease payments:

	2022 £	2021 £
Within one year	300,000	300,000
In the second to fifth years inclusive	-	300,000
	300,000	600,000

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

7 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Amounts owed by immediate parent company	1,122,713	915,935

Amounts owed from immediate parent company are non-interest bearing, unsecured and repayable on demand. All amounts owed originate from rental income due.

8 Creditors: amounts falling due within one year

	2022	2021
	£	£
Corporation tax	110	110
Other creditors	15,000	22,500
Amounts owed to the company's immediate parent company	3,725,000	-
	3,740,110	22,610

The above amount is unsecured, bears interest at a floating rate of 0.50% above SONIA with effect from 1 March 2022 (2021: 0.50% above LIBOR), and is repayable on 25 October 2022. Amounts owed all relate to financing the purchase of investment property. Subsequent to the year end, this loan has been extended, see note 13.

9 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Amounts owed to the company's immediate parent company	-	3,725,000

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

10 Share capital and reserves

	Allotted, called-up and fully paid	
	2022	2021
	£	£
At 1 September 2021 and 31 August 2022		
85 'A' ordinary shares of £1 each	85	85
15 'B' ordinary shares of £1 each	15	15
Total share capital	100	100

The A and B shares rank pari-passu.

The company's other reserve is as follows:

	2022	2021
	£	£
The profit and loss reserve represents cumulative profits or losses	(17,497)	(31,775)

11 Related party transactions

As the company is a wholly owned subsidiary of Ali UK Limited, which is a wholly owned subsidiary of Ali Holding s.r.l, it has taken advantage of the exemption permitted by FRS 102 section 33 Paragraph 1A not to disclose any transactions or balances with entities that are part of the Ali Holding s.r.l Group.

12 Ultimate holding company

The immediate parent undertaking is AFE Group Limited.

The company's ultimate holding and controlling company is Ali Holding s.r.l, a company registered in Italy. Copies of the ultimate holding company's financial statements may be requested from the registered office address, Via Gobetti, 2a – Villa Fiorita, 20063 Cernusco sul Naviglio (Milano) Italy. This entity is consolidated in the group financial statements of Ali Holding s.r.l, the smallest and largest group in which this entity is consolidated.

AFG Stirling Limited

Notes to the financial statements for the year ended 31 August 2022 (continued)

13 Subsequent Events

On the 25 October 2022 the company entered into a new agreement for an extension to the £3,725,000 loan from its immediate parent company, AFE Group Limited, through to 25 October 2032. The amount remains unsecured, and bears interest at a floating rate of 0.50% above SONIA. This is a non-adjusting post balance sheet event.