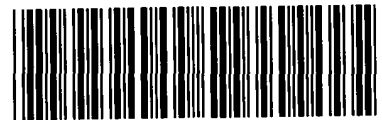


COMPANY REGISTRATION NUMBER: 03275681

METALLINK FLUID POWER SYSTEMS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2021

SATURDAY



A20 *AB6YØAVD* #34
COMPANIES HOUSE

ALLEN SYKES LTD

Chartered Accountants & Statutory Auditor
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
DL14 6WA

METALLINK FLUID POWER SYSTEMS LTD

FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2021

CONTENTS	PAGE
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the members	7
Statement of income and retained earnings	13
Statement of financial position	14
Statement of cash flows	15
Notes to the financial statements	16

METALLINK FLUID POWER SYSTEMS LTD

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mrs A Bianconcini Mr P Borghi
Company secretary	Mr A Hook
Registered office	Unit BT 35/2 Beechburn Industrial Estate Crook County Durham DL15 8JL
Auditor	Allen Sykes Ltd Chartered Accountants & Statutory Auditor 5 Henson Close South Church Enterprise Park Bishop Auckland County Durham DL14 6WA
Bankers	Barclays Bank Plc Jenkins House Bob Hardisty Drive Bishop Auckland County Durham DL14 7YL

METALLINK FLUID POWER SYSTEMS LTD

STRATEGIC REPORT

YEAR ENDED 31st DECEMBER 2021

BUSINESS MODEL

The principal activity of the company is the manufacture of manipulated, formed and fabricated steel products used in construction and industrial equipment.

KEY PERFORMANCE INDICATORS

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in context of the risks and uncertainties we face.

We consider our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, those being turnover, gross margin and balance sheet strength as defined by the total shareholders' funds.

All turnover relates to the same trade, predominantly the manufacture of manipulated steel products for construction vehicles. Turnover increased significantly during the year by approximately 69% following a significant reduction in the previous year due to the covid pandemic. However, towards the end of the year demand had started to grow again.

The company's margin remained relatively consistent during the year however the increase in turnover was offset slightly by an increase in overheads caused mainly by price increases during the year.

Net profit before taxation was £1,359,803. The resultant profit after tax for the year being £1,144,967 (2020 - £467,672) which increased shareholders' funds to £6,675,176 (2020 - £5,530,209) demonstrating the company's continued strength.

METALLINK FLUID POWER SYSTEMS LTD

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2021

BUSINESS RISKS

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The company had no financial instruments that are exposed to interest rate risk as the assets and liabilities of the company are of short term nature or at a fixed rate.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

Brexit

The directors are fully aware of the risks presented by the uncertainty about Brexit and how it will effect the import of goods in the future.

FUTURE DEVELOPMENTS

During the year we saw unprecedented material price increases due to global demand and reduced capacity. We have worked in partnership with our customers who have shared this burden via increased sales prices.

We are optimistic about the future and plan a series of investments in capital in order to meet customer demand and maintain our position in the market.

We have neither supply or sales in Ukraine but the risk of the conflict escalating cannot be ignored and could, indirectly, affect the business in the future.

METALLINK FLUID POWER SYSTEMS LTD

STRATEGIC REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2021

This report was approved by the board of directors on 31.05.22 and signed on behalf of the board by:



Mr A Hook
Company Secretary

Registered office:
Unit BT 35/2
Beechburn Industrial Estate
Crook
County Durham
DL15 8JL

METALLINK FLUID POWER SYSTEMS LTD

DIRECTORS' REPORT

YEAR ENDED 31st DECEMBER 2021

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

DIRECTORS

The directors who served the company during the year were as follows:

Mrs A Bianconcini
Mr P Borghi

DIVIDENDS

The directors do not recommend the payment of a dividend.

RESEARCH AND DEVELOPMENT

Research and development expenditure is written off in the year in which it is incurred.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The directors' performance review, assessment of risks and future developments of the company are included in the strategic report.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

METALLINK FLUID POWER SYSTEMS LTD

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st DECEMBER 2021

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 31.05.22 and signed on behalf of the board by:



Mr A Hook
Company Secretary

Registered office:
Unit BT 35/2
Beechburn Industrial Estate
Crook
County Durham
DL15 8JL

METALLINK FLUID POWER SYSTEMS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLINK FLUID POWER SYSTEMS LTD

YEAR ENDED 31st DECEMBER 2021

OPINION

We have audited the financial statements of Metallink Fluid Power Systems Ltd (the 'company') for the year ended 31st December 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

METALLINK FLUID POWER SYSTEMS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLINK FLUID POWER SYSTEMS LTD *(continued)*

YEAR ENDED 31st DECEMBER 2021

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. 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 there is a material misstatement in 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 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

METALLINK FLUID POWER SYSTEMS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLINK FLUID POWER SYSTEMS LTD *(continued)*

YEAR ENDED 31st DECEMBER 2021

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.

METALLINK FLUID POWER SYSTEMS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLINK FLUID POWER SYSTEMS LTD *(continued)*

YEAR ENDED 31st DECEMBER 2021

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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
 - tested journal entries to identify unusual transactions;
 - assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
 - investigated the rationale behind any identified significant or unusual transactions.
-

METALLINK FLUID POWER SYSTEMS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLINK FLUID POWER SYSTEMS LTD *(continued)*

YEAR ENDED 31st DECEMBER 2021

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

METALLINK FLUID POWER SYSTEMS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALLINK FLUID POWER SYSTEMS LTD *(continued)*

YEAR ENDED 31st DECEMBER 2021

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

J Hindmarsh

Jillian Hindmarsh (Senior Statutory Auditor)

For and on behalf of
Allen Sykes Ltd
Chartered Accountants & Statutory Auditor
5 Henson Close
South Church Enterprise Park
Bishop Auckland
County Durham
DL14 6WA

23rd June 2022

METALLINK FLUID POWER SYSTEMS LTD
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 31st DECEMBER 2021

	Note	2021 £	2020 £
TURNOVER	4	10,647,763	6,316,290
Cost of sales		<u>7,032,612</u>	<u>4,270,477</u>
GROSS PROFIT		3,615,151	2,045,813
Administrative expenses		2,254,540	1,701,110
Other operating income	5	–	<u>168,898</u>
OPERATING PROFIT	6	1,360,611	513,601
Other interest receivable and similar income	9	1,023	347
Interest payable and similar expenses	10	1,831	<u>3,706</u>
PROFIT BEFORE TAXATION		1,359,803	510,242
Tax on profit	11	<u>214,836</u>	<u>42,570</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>1,144,967</u>	<u>467,672</u>
RETAINED EARNINGS AT THE START OF THE YEAR		5,530,109	5,062,437
RETAINED EARNINGS AT THE END OF THE YEAR		<u>6,675,076</u>	<u>5,530,109</u>

All the activities of the company are from continuing operations.

The notes on pages 16 to 24 form part of these financial statements.

METALLINK FLUID POWER SYSTEMS LTD

STATEMENT OF FINANCIAL POSITION

31st DECEMBER 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	12	929,819	1,062,259
CURRENT ASSETS			
Stocks	13	1,921,859	1,377,909
Debtors	14	2,518,250	1,801,853
Cash at bank and in hand		3,131,386	3,046,168
		<u>7,571,495</u>	<u>6,225,930</u>
CREDITORS: amounts falling due within one year	15	<u>1,748,016</u>	<u>1,457,743</u>
NET CURRENT ASSETS		<u>5,823,479</u>	<u>4,768,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,753,298</u>	<u>5,830,446</u>
CREDITORS: amounts falling due after more than one year	16	–	229,167
PROVISIONS			
Taxation including deferred tax	17	<u>78,122</u>	<u>71,070</u>
NET ASSETS		<u>6,675,176</u>	<u>5,530,209</u>
CAPITAL AND RESERVES			
Called up share capital	20	100	100
Profit and loss account	21	<u>6,675,076</u>	<u>5,530,109</u>
SHAREHOLDERS FUNDS		<u>6,675,176</u>	<u>5,530,209</u>

These financial statements were approved by the board of directors and authorised for issue on 13/6/22, and are signed on behalf of the board by:

Mr P Borghi
Director

Company registration number: 03275681



The notes on pages 16 to 24 form part of these financial statements.

METALLINK FLUID POWER SYSTEMS LTD

STATEMENT OF CASH FLOWS

YEAR ENDED 31st DECEMBER 2021

	2021 £	2020 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,144,967	467,672
<i>Adjustments for:</i>		
Depreciation of tangible assets	255,975	343,280
Other interest receivable and similar income	(1,023)	(347)
Interest payable and similar expenses	1,831	3,706
Gains on disposal of tangible assets	–	(17,899)
Tax on profit	214,836	42,570
Accrued expenses/(income)	21,119	(26,027)
<i>Changes in:</i>		
Stocks	(543,950)	282,447
Trade and other debtors	(716,397)	(304,028)
Trade and other creditors	246,274	471,244
Cash generated from operations	<u>623,632</u>	<u>1,262,618</u>
Interest paid	(1,831)	(3,706)
Interest received	1,023	347
Tax paid	(164,071)	(3,134)
Net cash from operating activities	<u>458,753</u>	<u>1,256,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(123,535)	(119,563)
Proceeds from sale of tangible assets	–	17,899
Net cash used in investing activities	<u>(123,535)</u>	<u>(101,664)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	–	250,000
Repayments of borrowings	(250,000)	–
Net cash (used in)/from financing activities	<u>(250,000)</u>	<u>250,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,218	1,404,461
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,046,168	1,641,707
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>3,131,386</u>	<u>3,046,168</u>

The notes on pages 16 to 24 form part of these financial statements.

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2021

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England & Wales. The address of the registered office is Unit BT 35/2, Beechburn Industrial Estate, Crook, County Durham, DL15 8JL.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

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

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

3. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

All fixed assets with the exception of freehold property are initially recorded at cost.

Up to and including 30 November 2000 it was company policy to revalue freehold properties. From 1 December 2000 it was no longer company policy to revalue fixed assets but record them at cost. The last valuation was 1998. Whilst previous valuations have been retained, they have not been updated.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land & Buildings	-	5% straight line
Plant & Machinery	-	30% Reducing balance & 30% Straight line
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance
Equipment	-	33% Reducing balance & 25% Straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

3. ACCOUNTING POLICIES *(continued)*

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. TURNOVER

Turnover arises from:

	2021	2020
	£	£
Sale of goods	<u>10,647,763</u>	<u>6,316,290</u>

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

4. TURNOVER *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2021	2020
	£	£
United Kingdom	10,465,422	6,130,778
Europe	83,443	123,175
India	57,194	33,795
United States	24,772	18,978
Brazil	16,932	9,564
	<u>10,647,763</u>	<u>6,316,290</u>

5. OTHER OPERATING INCOME

	2021	2020
	£	£
Other operating income	<u>-</u>	<u>168,898</u>

6. OPERATING PROFIT

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Depreciation of tangible assets	255,975	343,280
Gains on disposal of tangible assets	-	(17,899)
Impairment of trade debtors	278	-
Foreign exchange differences	<u>179,158</u>	<u>(145,531)</u>

7. AUDITOR'S REMUNERATION

	2021	2020
	£	£
Fees payable for the audit of the financial statements	<u>10,800</u>	<u>8,200</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>1,765</u>	<u>1,465</u>

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

8. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Production staff	74	61
Administrative staff	9	8
	<u>83</u>	<u>69</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	2,623,925	1,848,909
Social security costs	228,898	153,563
Other pension costs	92,190	75,415
	<u>2,945,013</u>	<u>2,077,887</u>

9. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Other interest receivable and similar income	<u>1,023</u>	<u>347</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Other interest payable	<u>1,831</u>	<u>3,706</u>

11. TAX ON PROFIT

Major components of tax expense

	2021	2020
	£	£
Current tax:		
UK current tax expense	259,094	113,600
Adjustments in respect of prior periods	(51,310)	(62,048)
Total current tax	<u>207,784</u>	<u>51,552</u>
Deferred tax:		
Origination and reversal of timing differences	7,052	(8,982)
Tax on profit	<u>214,836</u>	<u>42,570</u>

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

11. TAX ON PROFIT *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>1,359,803</u>	<u>510,242</u>
Profit on ordinary activities by rate of tax	258,363	96,946
Effect of expenses not deductible for tax purposes	400	106
Effect of capital allowances and depreciation	7,383	7,566
Research & development claims	(51,310)	(62,048)
Tax on profit	<u>214,836</u>	<u>42,570</u>

12. TANGIBLE ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Jan 2021	3,405,750	5,616,536	464,800	52,291	263,184	9,802,561
Additions	–	81,481	5,335	–	36,719	123,535
At 31 Dec 2021	<u>3,405,750</u>	<u>5,698,017</u>	<u>470,135</u>	<u>52,291</u>	<u>299,903</u>	<u>9,926,096</u>
Depreciation						
At 1 Jan 2021	3,113,504	4,980,496	355,441	44,451	246,410	8,740,302
Charge for the year	18,048	194,468	28,230	1,960	13,269	255,975
At 31 Dec 2021	<u>3,131,552</u>	<u>5,174,964</u>	<u>383,671</u>	<u>46,411</u>	<u>259,679</u>	<u>8,996,277</u>
Carrying amount						
At 31 Dec 2021	<u>274,198</u>	<u>523,053</u>	<u>86,464</u>	<u>5,880</u>	<u>40,224</u>	<u>929,819</u>
At 31 Dec 2020	<u>292,246</u>	<u>636,040</u>	<u>109,359</u>	<u>7,840</u>	<u>16,774</u>	<u>1,062,259</u>

13. STOCKS

	2021 £	2020 £
Raw materials and consumables	1,326,615	852,813
Work in progress	231,980	179,438
Finished goods and goods for resale	363,264	345,658
	<u>1,921,859</u>	<u>1,377,909</u>

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

14. DEBTORS

	2021	2020
	£	£
Trade debtors	2,348,559	1,579,437
Prepayments and accrued income	150,122	157,368
Corporation tax repayable	—	62,048
Other debtors	19,569	3,000
	<u>2,518,250</u>	<u>1,801,853</u>

15. CREDITORS: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	—	20,833
Trade creditors	765,007	369,669
Amounts owed to group companies	513,283	347,537
Accruals and deferred income	76,060	54,941
Corporation tax	94,313	50,600
Social security and other taxes	299,353	606,191
Other creditors	—	7,972
	<u>1,748,016</u>	<u>1,457,743</u>

The bank loan was secured via a charge over the company's property.

16. CREDITORS: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	—	229,167

The bank loan was secured via a charge over the company's property.

17. PROVISIONS

	Deferred tax (note 18) £
At 1st January 2021	71,070
Additions	7,052
At 31st December 2021	<u>78,122</u>

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

18. DEFERRED TAX

The deferred tax included in the statement of financial position is as follows:

	2021	2020
	£	£
Included in provisions (note 17)	<u>78,122</u>	<u>71,070</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021	2020
	£	£
Accelerated capital allowances	<u>78,122</u>	<u>71,070</u>

19. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £92,190 (2020: £75,415).

20. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21. RESERVES

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	3,046,168	85,218	3,131,386
Debt due within one year	(20,833)	20,833	-
Debt due after one year	<u>(229,167)</u>	<u>229,167</u>	-
	<u>2,796,168</u>	<u>335,218</u>	<u>3,131,386</u>

METALLINK FLUID POWER SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31st DECEMBER 2021

23. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2021	2020
	£	£
Tangible assets	<u>459,770</u>	<u>22,489</u>

24. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	<u>2,164</u>	25,313
Later than 1 year and not later than 5 years	<u>1,082</u>	<u>3,246</u>
	<u>3,246</u>	<u>28,559</u>

25. RELATED PARTY TRANSACTIONS

During the year the ultimate parent company, G.B. Spa, sold services amounting to £144,014 (2020: £166,249) to the company. The amount due to G.B. Spa at 31 December 2021 was £10,004 (2020: £11,934).

During the year the company purchased/sold goods and services in the normal course of business from/to the following related companies in which the Directors Mrs A Bianconcini and Mr P Borghi have common control:

	Purchases	Sales
FOR Spa	£993,439 (2020:£486,272)	£Nil (2020:£Nil)
Borghi Impianti Oleodinamici Spa	£287,865 (2020:£220,820)	£23,942 (2020:£46,162)
T Erre Deutschland GmbH	£Nil (2020:£226)	£Nil (2020:£Nil)

Amounts owed by the above companies were as follows:

	Amounts owed by the company	Amounts owed to the company
FOR Spa	£393,090 (2020:250,589)	£Nil (2020:£Nil)
Borghi Impianti Oleodinamici Spa	£115,945 (2020:£94,679)	£5,756 (2020:£9,891)
T Erre Deutschland GmbH	£Nil (2020:£226)	£Nil (2020:£Nil)

26. CONTROLLING PARTY

The ultimate parent company is G.B. Spa, a company incorporated in Italy, which owns 100% of the issued share capital. G.B. Spa is controlled by Mrs A Bianconcini who owns 81.48% of the share capital.