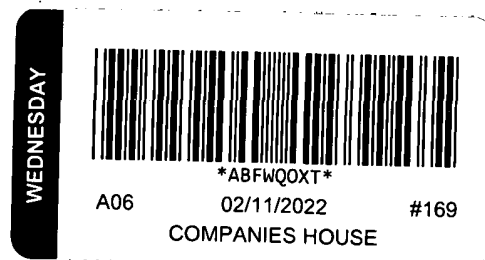

SEVERN GLOCON UK VALVES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021



SEVERN GLOCON UK VALVES LIMITED

COMPANY INFORMATION

Directors	D Brennan (appointed 13 May 2022) M Capell (appointed 19 October 2021) P K Louhiluoto (appointed 19 October 2021) M M Critchley (resigned 20 October 2021) P R Mardon (resigned 20 October 2021) C C Powell (resigned 20 October 2021)
Registered number	12329544
Registered office	Heywoods Industrial Park Birds Royd Lane Brighouse HD6 1NA
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

SEVERN GLOCON UK VALVES LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 7
Statement of comprehensive income	8
Statement of financial position	9 - 10
Statement of changes in equity	11
Notes to the financial statements	12 - 24

SEVERN GLOCON UK VALVES LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the period ended 31 December 2021.

Directors' responsibilities statement

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the period, after taxation, amounted to £1,233,119 (2020 - £Nil).

The directors did not recommend the payment of dividend in the period (2020: £Nil).

Directors

The directors who served during the period were:

M Capell (appointed 19 October 2021)
P K Louhiluoto (appointed 19 October 2021)
M M Critchley (resigned 20 October 2021)
P R Mardon (resigned 20 October 2021)
C C Powell (resigned 20 October 2021)

Qualifying third party indemnity provisions

The directors confirm that the Company has appropriate Directors and Officers insurance in line with the shareholders agreement.

SEVERN GLOCON UK VALVES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27 October 2022 and signed on its behalf.



M Capell
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN GLOCON UK VALVES LIMITED

Opinion

We have audited the financial statements of Severn Glocon UK Valves Limited (the 'Company') for the period ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the 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 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 31 December 2021 and of its profit for the period 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 '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

We are responsible for concluding 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN GLOCON UK VALVES LIMITED
(CONTINUED)**

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report 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 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 Directors' report for the financial period 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN GLOCON UK VALVES LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

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 Directors' report.

Matters on which we are required to report by exception

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; 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors for the financial statements

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

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 Auditors' report.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN GLOCON UK VALVES LIMITED
(CONTINUED)**

Explanation as to what extent 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below: We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management;

The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material effect if non-compliance were to occur;

We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- the Company's control environment
- the Company's relevant controls over areas of significant risks; and
- the Company's business processes in respect of classes of transactions that are significant to the financial statements.

Audit procedures performed by the engagement team included;

- identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
- testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
- identifying and testing related party transactions.

Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:

- consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
- appropriate training, knowledge of the industry in which the Company operates; and
- understanding of the legal and regulatory requirements specific to the Company.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEVERN GLOCON UK VALVES LIMITED
(CONTINUED)**

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any material matters relating to non-compliance with laws and regulations, or relating to fraud.

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 Auditors' 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.

Grant Thornton UK LLP

Rhian Owen BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

Date: 27 October 2022

SEVERN GLOCON UK VALVES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Note	Period ended 31 December 2021 £	<i>Period ended 30 November 2020 £</i>
Turnover		1,859,774	-
Cost of sales		(989,969)	-
Gross profit		869,805	-
Release of negative goodwill	7	1,120,891	-
Administrative expenses		(725,349)	-
Exceptional items	6	(89,473)	-
Other operating income		70,174	-
Operating profit		1,246,048	-
Interest payable and similar expenses		(1,389)	-
Profit before tax		1,244,659	-
Tax on profit		(11,540)	-
Profit for the financial period		1,233,119	-

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£Nil).

The notes on pages 12 to 24 form part of these financial statements.

SEVERN GLOCON UK VALVES LIMITED
REGISTERED NUMBER:12329544

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	30 November 2020 £
Fixed assets			
Intangible assets	7	(1,017,491)	-
Tangible assets	8	992,814	-
		<u>(24,677)</u>	<u>-</u>
Current assets			
Stocks	9	2,165,252	-
Debtors: amounts falling due within one year	10	11,065,557	-
Cash at bank and in hand	11	583,532	1
		<u>13,814,341</u>	<u>1</u>
Creditors: amounts falling due within one year	12	(12,485,469)	-
		<u>1,328,872</u>	<u>1</u>
Net current assets			
		<u>1,304,195</u>	<u>1</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	13	(63,329)	-
Provisions for liabilities			
Deferred tax	16	(7,746)	-
		<u>(7,746)</u>	<u>-</u>
Net assets			
		<u>1,233,120</u>	<u>1</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		1,233,119	-
		<u>1,233,120</u>	<u>1</u>

SEVERN GLOCON UK VALVES LIMITED
REGISTERED NUMBER:12329544

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 October 2022.



M Capell
Director

The notes on pages 12 to 24 form part of these financial statements.

SEVERN GLOCON UK VALVES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 22 November 2019	1	-	1
At 1 December 2020	1	-	1
Profit for the period	-	1,233,119	1,233,119
At 31 December 2021	1	1,233,119	1,233,120

The notes on pages 12 to 24 form part of these financial statements.

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

1. General information

Severn Glocon UK Valves Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Heywoods Industrial Park, Birds Royd Lane, Brighouse, England, HD6 1NA.

The functional currency of Severn Glocon UK Valves Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements are rounded to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Contour Holdings International Limited (formerly Severn Glocon Holdings Limited) as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Company has prepared cash flow forecasts to December 2023 which demonstrate that the business will continue to operate within the facilities available to it. The Company is also well supported by the ultimate parent undertaking, Contour Holdings International Limited (formerly Severn Glocon Holdings Limited). As such, the directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

SEVERN GLOCON UK VALVES LIMITED

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

SEVERN GLOCON UK VALVES LIMITED

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

2. Accounting policies (continued)

2.5 Revenue (continued)

Rendering of services

Service revenue is conducted under contractual arrangements which involve constructing specific parts for customers. Amounts can only be claimed when the completed goods have been passed to the customer and as such revenue is recognised at this point. Costs associated in constructing these products are capitalised within work in progress and recognised as an expense at the same time as the revenue is recognised.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

SEVERN GLOCON UK VALVES LIMITED

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

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

SEVERN GLOCON UK VALVES LIMITED

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

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 20% of cost
Plant and machinery	- 10% of cost
Motor vehicles	- 20% of cost
Fixtures and fittings	- 10% - 33% of cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.19 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Basis of preparation of the financial statements

As per accounting policy 2.3 above management is of the opinion that based on current forecasts and available facilities the preparation of the financial statements on a going concern basis is reasonable.

Carrying value of intra-group debtors

Management believes that intra-group debtors are recoverable in full and therefore that no provision is required in the current year.

Depreciation

The Company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over their estimated useful lives. Management considers that the carrying value of tangible fixed assets is reasonable and therefore that no impairment charge is required in the current year.

Amortisation

Negative goodwill is amortised over the period that the associated assets and liabilities are expected to be unwound.

Provisions

Provisions have been made for trade debtors and inventory obsolescence and returns. These provisions are an estimate of the actual costs and the timing of future cash flows is dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

4. Auditors' remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

5. Employees

The average monthly number of employees, including directors, during the period was 94 (2020 - zero).

6. Exceptional items

	Period ended 31 December 2021 £	<i>Period ended 30 November 2020 £</i>
Restructuring costs	89,473	-
	89,473	-

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

7. Intangible assets

	Negative goodwill £
Additions	(2,138,382)
At 31 December 2021	(2,138,382)
Credit for the period on owned assets	(1,120,891)
At 31 December 2021	(1,120,891)
Net book value	
At 31 December 2021	(1,017,491)
<i>At 30 November 2020</i>	-

On 19 October 2021 the Company acquired trade and assets from Severn Glocon Limited with a value of £6,337,767 for consideration of £4,199,385. The difference £2,138,382 was recognised as negative goodwill and is being released to the Statement of comprehensive income over the periods in which the associated non-monetary assets will be recovered.

SEVERN GLOCON UK VALVES LIMITED

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

8. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
Acquisition of subsidiary	628,046	6,520,995	35,958	842,329	8,027,328
At 31 December 2021	628,046	6,520,995	35,958	842,329	8,027,328
Depreciation					
Charge for the period on owned assets	2,962	45,809	381	11,195	60,347
Disposal of subsidiary	599,008	5,736,761	34,938	603,460	6,974,167
At 31 December 2021	601,970	5,782,570	35,319	614,655	7,034,514
Net book value					
At 31 December 2021	26,076	738,425	639	227,674	992,814
At 30 November 2020	-	-	-	-	-

9. Stocks

	31 December 2021 £	30 November 2020 £
Raw materials and consumables	763,628	-
Work in progress (goods to be sold)	416,022	-
Finished goods and goods for resale	985,602	-
	2,165,252	-

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

10. Debtors

	31 December 2021 £	30 November 2020 £
Trade debtors	1,006,369	-
Amounts owed by group undertakings	9,444,271	-
Other debtors	580,886	-
Prepayments and accrued income	34,031	-
	<u>11,065,557</u>	<u>-</u>

11. Cash and cash equivalents

	31 December 2021 £	30 November 2020 £
Cash at bank and in hand	583,532	1
	<u>583,532</u>	<u>1</u>

12. Creditors: Amounts falling due within one year

	31 December 2021 £	30 November 2020 £
Trade creditors	1,132,028	-
Amounts owed to group undertakings	9,823,595	-
Corporation tax	3,794	-
Other taxation and social security	74,337	-
Obligations under finance lease and hire purchase contracts	55,110	-
Other creditors	979,189	-
Accruals and deferred income	417,416	-
	<u>12,485,469</u>	<u>-</u>

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

13. Creditors: Amounts falling due after more than one year

	31 December 2021 £	30 November 2020 £
Net obligations under finance leases and hire purchase contracts	<u>63,329</u>	<u>-</u>

14. Hire purchase agreements and finance leases

Minimum lease payments under hire purchase agreements fall due as follows:

	31 December 2021 £	30 November 2020 £
Within one year	55,110	-
Between 1-5 years	63,329	-
	<u>118,439</u>	<u>-</u>

15. Financial instruments

	31 December 2021 £	30 November 2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>11,615,058</u>	<u>1</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>12,470,667</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, obligations under finance lease and hire purchase contracts, other creditors and accruals.

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

16. Deferred taxation

	2021 £
Charged to profit or loss	(7,746)
At end of year	<u>(7,746)</u>

The deferred taxation balance is made up as follows:

	31 December 2021 £	30 <i>November</i> <i>2020</i> £
Fixed asset timing differences	(50,320)	-
Short term timing differences	42,574	-
	<u>(7,746)</u>	<u>-</u>

17. 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 £27,668 (2020: £Nil). Contributions totalling £18,981 (2020: £Nil) were payable to the fund at the balance sheet date and are included in other creditors.

18. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 December 2021 £	30 <i>November</i> <i>2020</i> £
Not later than 1 year	793	-
Later than 1 year and not later than 5 years	847	-
	<u>1,640</u>	<u>-</u>

SEVERN GLOCON UK VALVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

19. Related party transactions

The company has taken advantage of the exemption under section 33.1A of FRS 102 to not disclose transactions with other wholly owned companies within the group.

20. Controlling party

The immediate parent is Contour Technologies Limited (formerly Severn Glocon Global Limited) which has a parent named Contour Holdings International Limited (formerly Severn Glocon Holdings Limited) and it is in this entity in which the results of this company form part of the consolidated financial statements. These can be obtained from Heywoods Industrial Park, Birds Royd Lane, Brighouse, England, HD6 1NA as well as Companies House.

The Company's controlling shareholder is SG Guernsey Co 1 Limited, a company incorporated in Guernsey, Channel Islands. SG Guernsey Co 1 Limited is owned by Blue Water Energy Fund II L.P. ("the Fund"). The Fund is ultimately controlled by BWE GP II Limited, incorporated in Guernsey, Channel Islands. The registered address for BWE GP II Limited is PO box 656, East Wing, Trafalgar Court, Les Banques, St. Peter Port, Guernsey.