Company Registration Number: 2814647

FIVES STEIN LIMITED

Annual Report and Financial Statements

31 December 2021

FIVES STEIN LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

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FIVES STEIN LIMITED

REPORT AND FINANCIAL STATEMENTS 2021

COMPANY INFORMATION

DIRECTORS

A M Reynolds
G M Mehlman
W D Robb
A D M Brusset (appointed 24 March 2022)

SECRETARY

C J Barlow

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BANKERS

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Chartered Accountants & Statutory Auditor
25 Hosier Lane
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FIVES STEIN LIMITED

REPORT AND FINANCIAL STATEMENTS 2021
STRATEGIC REPORT

INTRODUCTION

This Strategic Report has been prepared solely to provide additional information to the shareholders to assess the company's strategies and potential for those strategies to succeed.

This Strategic Report contains certain forward looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to their inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

OBJECTIVES

Our primary objective is to grow our business, providing our customers a high level of quality service complemented by "best practice technology", promoting innovation and best performance, whilst recognising our global obligations in regard to work ethics, safety, the environment and correct business conduct.

STRATEGY

Our business strategy focuses on three areas:

1. To develop our position and approach in order to win larger Engineering, Procurement and Construction (EPC) contracts, with closer Group collaboration and by establishing strategic alliances with other engineering companies where necessary.

2. To grow the profitable business of spares and service type contracts on the back of successful capital sales.

3. To continue our efforts in R&D and to establish and grow our competencies such as to create technical advances from our competitors.

BUSINESS MODEL

The principal activity of the Company involves the supply of glass manufacturing technology, comprising design and equipment supply for furnaces, melting equipment, thermal conditioning equipment and associated plant together with support services. The company has positioned itself as a market leader in all glass sectors on a world-wide basis.

REVIEW OF THE BUSINESS – INCLUDING FUTURE DEVELOPMENT

Order intake was rebounded during 2021 following the deferrals on capital investments in 2020. This enabled a rebuilding of the backlog by the end of the year to give more confidence of continuing good performance in 2022.

The Company continues to review its organisational structure to ensure that it can capture new work and implement this efficiently and effectively.

FINANCIAL KEY PERFORMANCE INDICATORS

The company KPIs are Turnover, Gross Profit, Profit after tax and R&D, and are a measure of the progress against the achievement of the Company's objectives and strategy.

The Company's Turnover increased by 20% from £10,059,000 to £12,046,000. Gross profit on Turnover was 15% (2020: 13%) with the reduced order levels leading to under absorption of engineering costs.

The Company made a loss before tax of £291,000 compared to the prior year loss of £591,000.

STRATEGIC REPORT (Continued)

The Company continues to invest in research and development. The research and development expenses charged to the Statement of comprehensive income during the year was £45,000 (2020: £97,000).

The company has been impacted by the on-going Coronavirus (Covid-19) pandemic. Following government guidance, the company closed its offices and workshop at the end of March 2020 and around one third of staff were placed on furlough. The company has been claiming grants from the government job retention scheme. The furlough scheme continued into 2021 but the increase in new orders has now seen all staff return to work. Travelling to customer sites has resumed as well as sales visits to customers, though in some countries this still remains difficult.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company as part of the Fives Group reports various areas of Corporate Social Responsibility – including energy and paper waste consumption and environmental impacts (particularly of travel).

Health and Safety (of both employees and third parties) is taken very seriously and the Company has adopted and implemented a Safety Action plan.

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Group and the Company places considerable value on the involvement of its employees and keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, and a Group information newsletter.

At the end of 2021 there were 53 employees (2020: 50). The number of employees increase in the year as workload increased on new orders being received.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's activities expose it to the following financial risks:

Cash flow risk and foreign exchange risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses some derivative financial instruments to manage this risk, in accordance with the policy of the Group.

The foreign exchange risk on overseas suppliers is managed by matching of expenditure with foreign exchange income.

Credit Risk

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade debtors. The amounts present in the Statement of financial position are net of allowances for doubtful debts.

The Company has no significant concentration of credit risk, with exposure spread over a large number of customers. During the year the Company secured a trade credit insurance line (under a Fives Group policy) to help offset the risk.

Liquidity Risk

The Company does not use debt finance. Should additional finance be required, Group financing would be sought.

Price Risk

The Company is exposed to supplier price risk, though there is no significant concentration as exposure is spread over a large number of suppliers, both in the UK and abroad.

Brexit Risk

The company sells goods and services into the European Union. In anticipation of the end od the transition period the company made preparation to ensure that there would be minimal disruption to business. So far there has been no disruption to business following the end of the transition period.

GOING CONCERN

The directors have considered the financial position of the Company and factors likely to affect its future development (including sales contracts and future orders, cash flow, liquidity position and the financial position of the Group).

For 2022 the budget has been set showing gross margins on turnover and cash inflow from operations.

The prospects for orders and sales remains strong. The Company trades with a broad range of clients, based in various countries and regions of the world. Demand for the Company's products and services are both from new and existing clients.

The Company cash flow is adequate to meet its obligations as they fall due, without the need of a bank overdraft or financing from the Group, and forecasts show that the company is self-funding in its working capital requirements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The group confirmed that the cash pooling system will continue for at least 12 months after signing the 2021 accounts.

This Strategic Report was approved by the board on 1 August 2022 and is signed on its behalf by

W D Robb

Director

FIVES STEIN LIMITED

REPORT AND FINANCIAL STATEMENTS 2021

DIRECTORS' REPORT

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

The company is a wholly owned subsidiary of Fives (a multi-national French group) ("the group") and operates as part of the group's glass sector.

The objectives, strategy, business model, review of the business including future developments, principal activities, key performance indicators, principal risks and uncertainties, corporate social responsibility, employees and going concern are all covered in the Strategic Report.

DIVIDENDS

The company did not pay a dividend in 2021 (2020: £nil)

DIRECTORS

The directors who served during the year and to the date of this report, unless otherwise stated were:

A M Reynolds
G M Mehlman
W D Robb
A D M Brusset (appointed 24 March 2022)

DIRECTORS RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Financial Reporting Standard 102, the Financial Reporting Standards applicable in the UK and Republic of Ireland and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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.

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 may differ from legislation in other jurisdictions.

STRATEGIC REPORT

Details of future developments and financial risk management objectives and policies can be found in the strategic report.

DIRECTORS' REPORT (continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

1. so far as the director is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware; and
2. the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish the company's auditors is aware of that information.

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

AUDITORS

Constantin has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 1 August 2022

C J Barlow

Secretary

FIVES STEIN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIVES STEIN LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Fives Stein Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 18, that includes the statement of 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).

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'

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 a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Financial Reporting Council'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.

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 about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework 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. These included UK Companies Act, pensions legislation, tax legislation; 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 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 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.

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 strategic report or the directors' report.

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.

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.

Thierry de Gennes ACA (Senior Statutory Auditor)
For and on behalf of Constantin
Statutory Auditor
London, United Kingdom
Date 1 August 2022

FIVES STEIN LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 £000	2020 £000
TURNOVER	2	12,046	10,059
Cost of sales		(10,280)	(8,755)
GROSS PROFIT		1,765	1,304
Sales and distribution costs		(701)	(720)
Administrative expenses		(1,319)	(1,295)
Other Income		22	188
OPERATING (LOSS) / PROFIT	4	(232)	(523)
Interest expense		(18)	(15)
Finance charges	5	(41)	(53)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(291)	(591)
Tax (charge) on profit on ordinary activities	6	73	196
PROFIT FOR THE FINANCIAL YEAR		(218)	(395)
Actuarial gain/(loss) relating to the pension scheme	16	801	(775)
UK deferred tax attributable to the actuarial gain		(152)	147
OTHER COMPREHENSIVE INCOME FOR THE YEAR		649	(628)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		431	(1,023)

All transactions arose from continuing operations.

The notes on pages 13 to 25 form part of these financial statements

FIVES STEIN LIMITED

STATEMENT OF FINANCIAL POSITION
Year ended 31 December 2021

	Note	2021 £000	2020 £000
FIXED ASSETS			
Tangible assets	7	61	102
CURRENT ASSETS			
Stocks	8	665	759
Debtors	9	7,461	4,943
Cash at bank and in hand		9	11
		8,135	5,713
CREDITORS: Amounts falling due within one year	10	(8,413)	(5,382)
NET CURRENT ASSETS		(278)	331
TOTAL ASSETS LESS CURRENT LIABILITIES		(217)	433
Provision for liabilities	11	(80)	(94)
Pension liability	16	(2,131)	(3,198)
NET LIABILITIES		(2,428)	(2,859)
CAPITAL AND RESERVES			
Called up share capital	12	80	80
Retained Earnings		(2,508)	(2,939)
SHAREHOLDERS' DEFICIT		(2,428)	(2,859)

These financial statements, registered number 2814647, were approved by the Board of Directors and authorised for issue on 1 August 2022

Signed on behalf of the Board of Directors

W D Robb

Director

The notes on pages 13 to 25 form part of these financial statements

FIVES STEIN LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Called up share capital	Comprehensive income	Total
At 1 January 2020	**80**	**(1,916)**	**(1,836)**
Profit for the year	-	(395)	(395)
Other comprehensive income for the year:			
Actuarial loss relating to the pension scheme	-	(775)	(775)
UK deferred tax attributable to actuarial gain	-	147	147
Total comprehensive income for the year	-	**(1,023)**	**(1,023)**
At 31 December 2020	**80**	**(2,939)**	**(2,859)**
Loss for the year	-	(218)	(218)
Other comprehensive income for the year:			
Actuarial loss relating to the pension scheme	-	801	801
UK deferred tax attributable to actuarial gain	-	(152)	(152)
Total comprehensive income for the year	-	**431**	**431**
At 31 December 2021	**80**	**(2,508)**	**(2,428)**

FIVES STEIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2021

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

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 measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity. Fives Stein Limited is a company incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006.

The nature of the company's operations and its principal activities are set out in the Strategic report.

Accounting Convention
These financial statements have been prepared in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006.

Going Concern
The Directors are of the opinion that, at the time of approving the financial statements, the company can reasonably be expected to have adequate resources to support its operations for a period of at least 12 months from the date of this report. Consequently, the company's financial statements have been prepared on a going concern basis. Please refer to the going concern section in the strategic report.
Since the end of March 2020 the company has been impacted by the Coronavirus (Covid-19) pandemic. This has resulted in a slowing of new orders being placed in the first half of 2020. The directors took the decision to reduce staff numbers to mitigate against the loss of margin that was expected to be earned on these new orders.

Turnover
Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the risk and rewards are transferred to the customer. Turnover from the supply of services represents the value of the services provided under contract to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the statement of Financial Position date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of the creditors due within one year.

Amounts receivable on long term contracts, which are included in debtors, are stated at the net sales value of work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provisions for contingencies and anticipated future losses, are included in long term contract balances in stock.

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the statement of comprehensive income as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Cash flow statement
The Company is a qualifying company for the purposes of FRS 102 and has taken advantage of the disclosure exemption relating to the provision of a cash flow statement in accordance with FRS 102 paragraph 1.12(b).

Tangible fixed assets and depreciation
Tangible fixed assets are stated at costs less depreciation and any provision for impairment. Depreciation is provided in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings, tools and equipment	- 2 to 10 years
Motor vehicles	- 4 years

Stocks
Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell after making due allowance for any obsolete or slow moving items. In the case of work in progress and finished goods, cost comprises direct material, direct labour and an appropriate proportion of manufacturing overheads.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred taxation is provided in full on material timing differences that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A net deferred tax assets is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the Statement of financial position date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Exchange gains and losses are recognised in the Statement of comprehensive income.

Research and development
Expenditure on research and development is written off in the period in which it is incurred.

Leases
Operating lease rentals are charged to income in equal amounts over the lease term.

Pensions
The company operates a defined contribution scheme. For defined contribution schemes the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown and either accruals or prepayments in the statement of financial position.

The company also operates a defined benefit scheme which is closed to future accruals.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted as a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date. The resulting defined benefit asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the statement of financial position.

Finance Costs
Finance costs of financial liabilities are recognised in the statement of comprehensive income over the term of such instruments at a constant rate on the carrying amount.

Warranties
Provisions for the expected cost of warranty obligations under local sale of goods regulation are recognised at the date of

sale of the relevant products, and the directors' best estimate of the expenditure required to settle the company's obligation.

Financial instruments
The Company has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statement, when there is a legally 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.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs. At subsequent reporting periods, the basic financial assets receivable within one year are measured at the undiscounted amount of the cash or other consideration that the company expects to receive.

Basic financial assets that constitute financing transactions, in accordance with FRS 102 paragraph 11.13, are measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial assets that meet the conditions in FRS 102 paragraph 11.8(b) are initially recognised at the transaction price and are subsequently measured at amortised cost using the effective interest method.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies that are payable within one year, other than those that constitute a financing transaction in accordance with FRS 102 paragraph 11.13, are initially recognised at the transaction price and, except for those financial liabilities that meet the conditions in FRS 102 11.8(b), are subsequently measured at the undiscounted amount of the cash or other consideration that the company expects to pay.

Basic financial liabilities that constitute a financing transaction in accordance with FRS 102 paragraph 11.13 are measured at the present value of the future receipts discounted at a market rate of interest.

Basic financial liabilities that meet the conditions in FRS 102 paragraph 11.8(b) are initially recognised at the transaction price and are subsequently measured at the amortised cost using the effective interest method.

Derivative financial instruments
The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Fair value measurement
The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical assets on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Judgements and key sources of uncertainty
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The

estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The main estimate is the profit margin recognised in on-going projects. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Government Grants
Government grants are recognised on the accrual model. The grant monies received in the year relate to compensation for staff costs under the furlough scheme, already incurred and recognised as an expense in the profit and loss account.

2. TURNOVER

Turnover in relation to contracts comprises the sales value of completed contracts, completed proportion of long-term contracts and in relation to spares, the invoice value of sales, net of VAT. The turnover and pre-tax profit are attributable to the continuing activity, the design and construction of glass conditioning and feeding equipment and furnace melting, electric heating and boosting technology.

An analysis of turnover by turnover stream:

	2021 £000	2020 £000
Sale of goods	11,472	9,752
Sale of services	574	307
	12,046	10,059

An analysis by geographical destination is given below

	2021 £000	2020 £000
United Kingdom	28	10
Rest of Europe (including Russia*)	4,858	6,215
India, Far East and Australia	2,198	1,486
Africa and Middle East	32	139
Americas	4,930	2,209
	12,046	10,059

* At 31 December 2021 and at the date the accounts were signed there was no exposure or unpaid debts from Russian entities. No new contracts have been entered into with Russian entities during 2022.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2021 £000	2020 £000
Emoluments by Directors' remuneration	195	221
Contributions in respect of a defined contribution pension scheme	14	14
	209	235

	2021 Number	2020 Number
Number of directors who are members of a defined contribution pension scheme	2	2

The emoluments of G Mehlman are paid by Fives Stein SA as their services to Fives Stein Limited are incidental to their services provided to other group companies. It is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, no emoluments are included in respect of those directors.

The remuneration of the highest director was £106,490 (2020: £117,797).

	2021 Number	2020 Number
Average number of persons employed		
Management and engineering	24	25
Clerical	5	6
Design office and manufacturing	21	24
	50	55

	2021 £000	2020 £000
Staff costs during the year (including directors)		
Wages and salaries	2,201	2,356
JRS Claims	(22)	(188)
Social security costs	226	242
Pension costs (note 16)	160	170
	2,565	2,580

4. OPERATING PROFIT

	2021 £000	2020 £000
Operating profit is stated after charging:		
Depreciation: Owned Assets	58	67
Rentals under operating leases: Land and buildings	122	138
Research and development	45	97
Fees payable to the company's auditor for the audit of the financial statements	18	18
Loss/(Gain) on foreign exchange	134	(114)

FIVES STEIN LIMITED

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Year ended 31 December 2021

5. FINANCE CHARGES

	2021 £000	2020 £000
Net cost of pension scheme (note 16)	41	53

6. TAX ON PROFIT FROM ORDINARY ACTIVITIES

	2021 £000	2020 £000
Current tax:		
Corporation tax at 19% (2020: 19%)	-	-
- prior year adjustment	-	1
Total Current tax	-	1
Origination and reversal of temporary differences	73	112
Prior year adjustment	-	13
Effect of increased tax rate on opening asset	-	70
Total deferred tax	73	195
Total tax charge on profits on ordinary activities	73	196

Factors affecting the tax charge for the year:

The current tax charge varies from the standard rate of corporation tax due to the following factors:

	2021 £000	2020 £000
Profit on ordinary activities before tax	(291)	(591)
Tax at 19% (2020: 19%)	55	112
Expenses not deductible for tax purposes	-	-
Amounts charged/credited in OCI		-
Depreciation in excess of capital allowances		-
Utilisation of tax losses		-
Change in the deferred tax rate	-	70
Adjustment in respect of prior year	18	14
Total tax charge on profits on ordinary activities	73	196

The deferred tax asset is made up of the following components:

	Losses	Decelerated capital allowances £000	Short term timing differences £000	Defined benefit pension scheme	Total £000
Deferred tax calculated at 19% (2020: 19%)					
At 1 January 2021	215	74	22	608	919
Credited/(Charged) to P&L	111	15	(2)	(51)	73
Credited/(Charged) to OCI	-	-	-	(152)	(152)
At 31 December 2021	326	89	20	405	840

The deferred tax assets have been recognised as the directors consider there is sufficient certainty that the company will generate sufficient taxable profits in the foreseeable future for it to be utilised. Deferred tax in relation to the pension scheme has been recorded in the Statement of comprehensive income.

The UK corporation tax rate was previously enacted to reduce to 17% from 1 April 2020. However, Finance Act 2020, which was substantively enacted on 11 March 2020, repealed this rate reduction and the corporation tax rate will remain at 19% from 1 April 2020.

The closing deferred tax assets and liabilities have been calculated at 19%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

Finance Act 2021 received Royal Assent on 10 June 2021 which has enacted an increase in the UK corporation tax rate to 25% from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this increased rate but as this had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

7. TANGIBLE FIXED ASSETS

	Fixtures, fittings, tools and equipment £000	Motor Vehicles £000	Total £000
Cost			
At 1 January 2021	856	192	1,048
Additions	17	0	17
Disposals	(87)	(25)	(112)
At 31 December 2021	786	167	953
Accumulated depreciation			
At 1 January 2021	773	173	946
Charge for the year	46	12	58
On disposals	(87)	(25)	(112)
At 31 December 2021	732	160	892
Net book value			
At 31 December 2021	54	7	61
At 31 December 2020	83	19	102

8. STOCKS

	2021 £000	2020 £000
Raw materials	654	748
Finished goods	11	11
	665	759

There is no material difference between the statement of financial position of stocks and their replacement cost.

9. DEBTORS

	2021 £000	2020 £000
Trade debtors	3,620	1,107
Other debtors	815	693
Long term contract debtors	1,746	1,751
Deferred tax (see note 6)	840	919
Prepayments and accrued income	124	169
Amounts due from other group companies	316	304
	7,461	4,943

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £000	2020 £000
Payments received on account	349	535
Trade creditors	1,941	2,177
Social security and other taxes	34	40
Accruals and deferred income	169	181
Corporation tax payable	-	-
Amounts payable to other group companies	5,920	2,449
	8,413	5,382

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. PROVISIONS FOR LIABILITIES

	£000
Warranty provision	
Balance at 1 January 2021	94
Charge for the year	130
Utilisation of provisions	(144)
Balance at 31 December 2021	80

A provision has been recognised for expected claims against product warranties on contracts within their warranty period which is usually one to two years. It is expected that much of this expenditure will be incurred in the next financial year and all will be incurred within two years of the Statement of financial position date. The provision has not been discounted since the effect of discounting is not material.

12. CALLED UP SHARE CAPITAL

	2021	2020
	£000	£000
Called up, allotted and fully paid		
80,000 ordinary shares of £1 each	80	80

13. FINANCIAL COMMITMENTS

Operating lease commitments

The operating lease relates to the rental of two company premises renewable in 2018. At 31 December 2021 the company was committed to making the following total of future minimum lease payments under non- cancellable leases for each of the following periods:

	Land and buildings	
	2021	2020
	£000	£000
Leases which expire:		
Within one year	126	126
Within two to five years	91	217
	217	343

14. DERIVATIVES INCLUDED AT FAIR VALUE

The company uses forward foreign exchange contracts – gains/losses on the fair value of the forwards contract currency movements are included in the financial statements

	Principal		Fair Value	
	2021	2020	2021	2020
	£000	£000	£000	£000
Forward foreign exchange contracts (Put contracts)	2,093	150	2,101	150

The company uses the derivatives to hedge its exposure to hedge its exposure in foreign currency exchange rates. The fair values are based on the market values of equivalent instruments at the statement of financial position date.

15. CONTINGENT LIABILITIES

Bank guarantees have been given by the company's bankers, subject to counter indemnities by the company. The total exposure at 31 December 2021 amounted to:

	2021	2020
	£000	£000
Bank guarantees	654	54

At 31 December 2021 there were no outstanding claims against the company (2020: none)

16. PENSIONS

The company was a participating employer in a defined benefit scheme in the UK, the Stein Atkinson Stordy Limited Pension and Life Assurance Scheme (the SAS scheme), for the company and Fives Solios Limited, a fellow subsidiary undertaking. The scheme is approved by the Inland Revenue under Chapter I Part XIV of the ICTA 1988. The scheme provided defined benefits for services up to 31 January 2002 for employees in the UK.

On 1 September 2009 the Company set up the BH-F Pension Scheme. The liabilities and assets related to the employees (past or present) of Fives Stein Limited were transferred from the SAS Scheme into the BH-F Pension Scheme. The Company is committed to fund contributions to the BH-F Scheme to meet the requirements of this scheme (including costs), and now has no further liabilities in respect of the SAS Scheme.

At 31 December 2020 the deficit of the BH-F Pension Scheme stood at £3,198,000. At 31 December 2021 the deficit stood at £2,131,000. The corresponding impact of this has been recognised in the statements of comprehensive income and the changes in equity in each financial year.

A full actuarial valuation of the scheme took place on 31 July 2021 and was updated to 31 December 2021 by an independent professionally qualified actuary. The service cost has been calculated using the Projected Unit method.

In addition, the company operates a defined contribution (Stakeholder pension) scheme. From 1 October 2012, Fives Stein Limited is a participating company in the Fives Group UK Personal Pension Plan (the FGPPP).

The assets of all schemes are held separately from the assets of the company by independent fund managers.

Defined Contribution Scheme

Contributions paid to the Stakeholder arrangement(s) over the year totalled £160,000 (2020: £170,000). The pension charge for the year in respect of this arrangement is taken as the amounts of contributions that are paid over the year.

There were outstanding contributions due at 31 December 2021 of £23,545 (2020: £22,240).

Defined Benefit Scheme

Fives Stein Limited paid contributions of £307,020 (2020: £301,000) into the BH-F Scheme. Contributions are expected to be £313,160 for the year ending 31 December 2022. The fair value of the assets in the BH-F Pension Scheme, the present value of the liabilities in the scheme and related deferred tax relief (as provided by the scheme actuary for the purposes of FRS 102 disclosure) and the expected rates of return at the Statement of financial position date were:

BH-F PENSION SCHEME	**2021 Expected Return**	**2021 £000**	**2020 Expected Return**	**2020 £000**
Equities	1.80%	2,695	1.35%	2,522
Corporate Bonds	1.80%	1,931	1.35%	1,158
Absolute Return	1.80%	-	1.35%	-
Cash	1.80%	330	1.35%	216
Government Bonds	1.80%	545	1.35%	1,105
Annuities	1.80%	10	1.35%	13
Assets at fair value		5,511		5,014
Present value of defined benefit obligation		(7,642)		(8,212)
Deficit in the scheme		(2,131)		(3,198)

16. PENSIONS (continued)

The major assumptions used were:

Actuarial assumptions	2021	2020
Discount rate	1.80%	1.35%
Inflation rate	3.35%	2.85%
Rate of increase to deferred pension	2.65%	2.15%
Pension increases (limited to 5%)	2.65%	2.15%
Expected return on scheme assets (FRS 102)	1.80%	1.35%
Life expectancy (at age 65)		
Males born 1956 (2020: 1955)	86.9	86.9
Females born 1956 (2020: 1955)	89.2	89.2
Males born 1976 (2020: 1975)	88.2	88.2
Females born 1975 (2020: 19574)	90.7	90.6

Sensitivities

The pension liabilities and resulting deficit are sensitive to the underlying assumptions. The results in the table below illustrate the impact on the statement of financial position deficit if the discount rate is reduced or increased from 1.80% p.a. by 0.25% to 1.55% p.a. or 2.05% p.a. Financial assumptions used by the actuary were based on market yields as 31 December 2021.

Statement of financial position as at 31 December 2021:	Actual Disclosures £000	Adjusted Discount Rate 1.55% £000	Adjusted Discount Rate 2.05% £000
Pension liabilities	(7,642)	(7,938)	(7,362)
Assets	5,511	5,511	5,511
Deficit in scheme	(2,131)	(2,427)	(1,851)

Amounts included in the statement of comprehensive income in respect of the defined benefit scheme are as follows:	2021 £000	2020 £000
Expected return on plan assets	69	99
Interest on pension obligation	(110)	(152)
Net amount recognised in the statement of comprehensive income (note 5)	(41)	(53)

The total charge for the year in the current and preceding year has been included in administrative expenses, with the exception of interest which is charged to the finance charges. Actuarial gains and losses have been reported in the Statements of comprehensive income and of changes in equity.

The cumulative amount of actuarial losses in the statement of changes in equity since the adoption of FRS 17 is £3,332,000 (2020: £4,133,000).

16. PENSIONS (continued)

	2021 £000	2020 £000
Actual return on plan assets	385	247

Reconciliation of present value defined benefit obligation	2021 £000	2020 £000
Opening balance	8,212	7,323
Past Service Cost	-	-
Interest paid	110	152
Actuarial loss/(gain)	(485)	923
Benefit paid	(195)	(186)
Closing balance	7,642	8,212

Reconciliation of fair value plan assets	2021 £000	2020 £000
Opening balance	5,014	4,652
Expected return on assets	69	99
Actuarial gain	316	148
Employer contributions	307	301
Benefit paid	(195)	(186)
Closing balance	5,511	5,014

The history of experience adjustments is as follows:	2021 £000	2020 £000	2019 £000	2018 £000
Present value of defined benefit obligations	(7,642)	(8,212)	(7,323)	(6,585)
Fair value of scheme assets	5,511	5,014	4,652	4,064
Deficit in scheme	(2,131)	(3,198)	(2,671)	(2,521)
Experience adjustment on scheme liabilities amount	(135)	(34)	(3)	45
Percentage of scheme liabilities	6.335%	1.063%	0.112%	(1.785%)

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 "Related Party Disclosures" from disclosing transactions with related parties that are wholly owned in the Fives group.

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18. PARENT UNDERTAKINGS

The company is a wholly owned subsidiary of Fives UK Holdings Ltd, a company registered in England and Wales. Fives UK Holdings Ltd is the immediate controlling party.

The ultimate parent company, controlling party and the largest group that the accounts of the company are consolidated into is Fives Orsay SAS, a company incorporated in France.

A copy of the financial statements of Fives Orsay SAS can be obtained from their registered office at 3 rue Drouot, 75009 Paris, France.

The smallest group in which the results of the company are consolidated is Fives SA, incorporated in France.

A copy of the financial statements of Fives SA can be obtained from their registered office at 3 rue Drouot, 75009 Paris, France.